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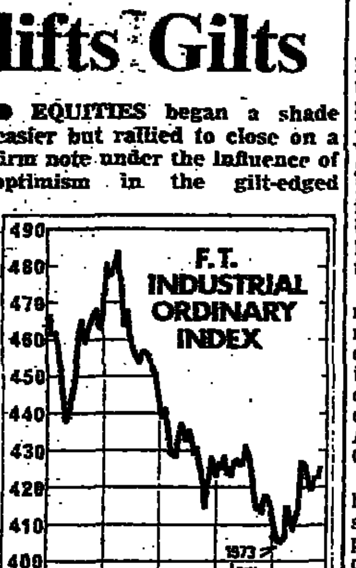
NEWS SUMMARY

BUSINESS

Equities firm as optimism lifts Gilts

● EQUITIES began a shade easier but rallied to close on a firm note under the influence of optimism in the gilt-edged



market. The FT 30-Share Index closed 2.9 up at 425.2 and official markings increased to 6,514 (6,090 on Monday).

● GILTS encountered renewed interest following the sharp falls in U.S. Treasury bill rates. Final gains in shorts ranged to ⅛, as in Treasury 9 per cent., 1978, at 92¼, while rises approached ¼ in mediums and longs. Corporation stocks improved to ⅛.

● GOLD lost 25 cents to $101.75.

● STERLING weighted depreciation from Smithsonian parities was 19.52 per cent. (19.42). Against the dollar the pound was unchanged at $2.4225.

● WALL STREET closed 3.84 up at 940.55.

● BRITISH GAS Corporation has announced details of its £170m. investment—largely in Scotland—to distribute natural gas from the Frigg field off the Shetlands.
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● WEST GERMANY had a record trade surplus last month of DM3,219m. (about £540m.)—nearly DM300m. above the record set in July and more than double the August 1972 surplus
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● NEW ZEALAND is to terminate by December 31, all tariff preferences extended to South Africa, Mr. Norman Kirk, the Prime Minister, told the New Zealand Anti-Apartheid Committee.

● ENGINEERING employers and union leaders have agreed a new deal covering 300,000 white-collar workers. It will consolidate existing staff relationships and provide for an expansion of white-collar unionism.
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● PROPERTIES worth nearly £19m. have been acquired by Montague Burton Property Investments, launched 11 months ago as the property vehicle of the Burton Group tailoring chain.
Page 23

● BBC ENTERPRISES made £1.25m. net profit last year. Sales of programmes were the biggest revenue source, with War and Peace bringing in £300,000.
Page 12

● COUNCILLORS at Stoke-on-Trent may invest in the BSC Shelton iron and steel works to save 2,000 jobs there at risk through the threatened closure of the plant.
Page 14

● CHRISTIAN SALVESEN, one of Britain's biggest unquoted companies, is paying £8m. in cash to break into the brick business by taking over J. and A. Jackson, of Manchester.

● FOSECO MINSEP announced pre-tax profits increased from £3.84m. to £4.72m. in the half-year to June 30
Page 27 and Lex

● UNITED NEWSPAPERS first half taxable profits jumped from £1.89m. in 1972 to £4.13m. this year. Earnings per 25p Ordinary share rose from 15.55p to 31.16p.
Page 25 and Lex

PRICE CHANGES

RISES		
Petbow	90	+ 6
Supra Chemicals	182	+ 14
United Newspapers	335	+ 7
Walmoughs	95	+ 4
Yarrow	170	+ 4
Broken Hill South	142	+ 10
EZ Industries	261	+ 13
Lonrho	85	+ 3
FALLS		
Aberdeen Inds.	220	− 13
Beaverbrook "A"	95	− 6
Burton "A"	120	− 8
Business Computers	72	− 10
Channel Tunnel	177	− 11
De Vere Hotels	190	− 4
Reeves (F. J.)	44	− 4
Ruberoid	84	− 4
Style Shoes	52	− 7
Botswana RST	200	− 20
Cons. Murchison	260	− 20
Elsburg	169	− 9
President Steyn	970	− 30
Sabina Inds.	73	− 12

Y stock indices and FT-Actuaries summary Page 41.

Decision by U.S. Attorney General

Agnew evidence for grand jury

BY ADRIAN DICKS, Washington, Sept. 25

MR. ELLIOTT RICHARDSON, the U.S. Attorney-General, announced this afternoon that the Federal prosecutor in Baltimore will bring evidence before a grand jury on Thursday regarding Vice-President Agnew's involvement in widespread bribery and corruption in Maryland while he was Governor of the State in the late 1960s.

In a carefully worded statement, the Attorney-General gave no clue to whether he thinks the evidence points towards an indictment of the Vice-President, or of whether he would in that case press charges before Mr. Agnew had been indicted by Congress.

The Vice-President's lawyers have already said that they will seek to have the Grand Jury proceedings blocked by a Court order on the grounds that Mr. Agnew cannot be indicted while still in office.

The Attorney-General's statement came at the end of another day of intense speculation about Mr. Agnew's position after the White House revealed this morning that President Nixon had met separately with both Mr. Richardson and Mr. Agnew.

No details have been revealed of either meeting, but it can be assumed that Mr. Richardson informed the President of his intention to allow the evidence to go before the grand jury after plea bargaining, which he confirmed to-day for hte first time, had failed to reach a compromise solution.

The Attorney-General said he had taken part in the discussions with the Vice-President's lawyers last week in order to find "a possible prompt resolution of problems which might otherwise result in a constitutional dilemma of potentially serious consequence to hte nation. These discussions took place with the approval of the President's counsel, and of the President."

He confirmed that the discussions had failed to reach a satisfactory resolution. He said: "It proved impossible, at this point, to reconcile the Vice-President's interests, as represented by his counsel, with the Department of Justice's section of its responsibility to ensure that justice is pursued fully and fairly."

The failure of the plea bargaining negotiations, which are a common feature of American criminal procedure, had been reported last week-end and apparently prompted Mr. Agnew's lawyers to announce their intention to use the argument of constitutional immunity in order to have the Grand Jury proceeding brought to a halt.

It is believed that this strategy lies behind Mr. Agnew's steadfast refusal to resign in the face of an extraordinary campaign on the part of the White House to force him out last week.

If, as expected, he files motions to have the grand jury investigation suspended to-morrow or Thursday, the way will then be open for a constitutional crisis over the power of the courts with regard to an tincumben Vice-President. This could gravely affect the issue for Persident Nixon himself if Mr. Archibald Cox, the special prosecutor in the Watergate case, succeeds in getting possession of the President's tapes of his conversations about that affair.

Mr. Nixon himself, in a reply to the Senate Watergate committee's parallel request for the tapes, insisted yesterday that the only proceedings to which as President he is subject is that of impeachment. It now looks as though Mr. Agnew may use the same argument.

In that case, the Justice Department will be forced to take the issue through the courts, and in all probability as far as the Supreme Court.

It is also virtually certain that if the evidence to be presented in Baltimore does point towards Mr. Agnew's indictment on charges of conspiracy, bribery, extortion and tax fraud, moves wil be made in Congress to set the impeachment ball rolling.

Congressman Jerome Waldie, of California, announced to-day that he would begin proceedings if such is the outcome of the grand jury's deliberations.

The prospect is not one that commands enthusiasm from any quarter on Capitol Hill, and besides that, there is even some doubt about how far it would apply. There is an apparent historical precedent for impeachment proceedings against a sitting Vice-President in the case of Schuyler Colfax, against whom impeachment proceedings were instituted in 1872 regarding his profits in an apparently illegal stock transaction.

A special session of the House judiciary committee concluded that because Colfax had committed the alleged offences before he was elected Vice-President, hec ould not be impeached and removed from office in respect of them.

The same case is not surprisingly being looked at closely regarding Mr. Agnew's situation a century later.

For President Nixon the fate of any move that might be made to impeach Mr. Agnew is of critical interest. Should the President eventually be forced to give up his tapes of Watergate conversations, and should they implicate him in the Watergate affair, he would have to face the possibility of such a move in his own case.

Chrysler: key union takes tough stand

BY JOHN WYLES, LABOUR STAFF

ELECTRICIANS' UNION leaders last night gave a tough reaction to the Chrysler U.K. threat to sack 8,000 workers. At the same time, it emerged that the company may relax its week-end deadline for settling the Coventry electricians' pay dispute.

Meanwhile, another 2,000 workers at the Ford Motor Dagenham plant came out on strike in support of a dismissed worker. This brought the number at the plant on strike to nearly 2,400, while a further 8,000 men have been laid off and car production halted.

Management-union talks on the dispute, which is costing Ford £1m a day in lost production, failed to reach agreement and were adjourned last night.

Backing

The Electrical and Plumbing Trades Union yesterday reaffirmed its support for its 156 members in Coventry whose eight-week strike has led to Chrysler's threatened cut-back.

The union's national executive increased the Coventry electricians strike pay for the second time, raising it to £12 a week—three times the union's standard payment.

Full-time officials from the areas concerned and all of the union's conveners from Chrysler plants were called to the day-long discussions on the dispute.

The union's leaders decided to bow to the growing call from other unions for a meeting of all shop stewards from Chrysler's Coventry plants. It advised its shop stewards to attend such a meeting which is almost certain to take place before the end of the week.

Mr. Frank Chapple, the EPTU president and general secretary, warned, however, that the electricians would not allow an unacceptable solution to be forced on them by the majority of shop stewards from other unions.

Mr. Chapple said that the executive had discussed taking a stronger line over the dispute but had decided against taking any other course at the present time.

He also described Chrysler's threat to sack 8,000 people from next week unless its production problems were solved as "a bit of bluff"—a change of attitude from Monday evening when after the cutback proposals had been revealed he said that the threat had to be taken seriously.

After the executive, a Chrysler spokesman said the statements attributed to the EPTU were "most unconstructive" and unhelpful in advance of the proposed meeting of shop floor representatives.

The quest for a settlement at local level was endorsed yesterday by a meeting of the Chrysler unions belonging to the Confederation of Shipbuilding and Engineering Unions. The meeting, which was attended by an EPTU representative, called for immediate talks between Chrysler's Coventry shop stewards.

A special meeting of the TUC Finance and General Purposes Committee will discuss the Chrysler crisis following to-day's TUC general council. The meeting will be attended by Mr. Chapple, who is not a member of the committee, and by leaders of two other major car unions who are members, Mr. Jack Jones, general secretary of the Transport and General Workers' Union, and Mr. Hugh Scanlon, president of the Amalgamated Union of Engineering Workers.

The accent on finding a joint union approach to the Coventry electricians' problem arises from the possible reaction from other groups of skilled workers if any settlement to their claim for £250-a-year increase is eventually reached.

A Chrysler letter to its 9,000 employees at Linwood, Scotland, indicated yesterday that some of the pressure could be taken off union moves to solve the Coventry electricians' dispute if Linwood stays in production next week.

The company stated that its "programme of winding down" could be averted if Linwood "continues to operate beyond Friday night."

This is still in doubt and output could be halted if the Linwood electricians resume on Monday a strike in sympathy with the Coventry men and then the 7,000 production workers refuse to tolerate the use of management labour to do electrical work.

Meeting

The plant went back into production after a two-week stoppage on Monday when the Linwood electricians suspended their strike for a week so as to give a breathing space for peace moves. This followed a meeting of production workers last week which voted by a wafer-thin majority to strike against the use of "black-leg" labour to do electrical work.

Continued production at Linwood would enable Chrysler to restart car manufacture at its Ryton, Coventry, plant. The company says that it badly needs revenue to cover its overheads, but once it is making cars, more time could be allowed for settling the Coventry electricians' problem.

The threat to Britain's place. Page 22

£ in New York

—	September 25	Previous
Spot	[illegible]	[illegible]
1 month	[illegible]	[illegible]
3 months	[illegible]	[illegible]
12 months	[illegible]	[illegible]

Heath has half-hour meeting with Lord Rothschild

BY JOHN BOURNE, LOBBY EDITOR

MR. EDWARD HEATH, the Prime Minister, yesterday had a half-hour meeting with Lord Rothschild, head of the Government's Central Policy Review Staff. The meeting followed Lord Rothschild's speech—highly embarrassing to the Government—in which he said Britain had neither the money nor the resources to "do all the things we would like to do."

Afterwards it was stated that there was no talk of Lord Rothschild's resignation, although his speech was clearly discussed at the meeting. It was stressed in Whitehall that the Downing Street session had been planned some time ago for the two men to talk about policy issues being considered by the CPRS.

If Lord Rothschild does decide to resign—and there are no suggestions yet that he has any such intention—it will be his own decision, and not at the request of Mr. Heath, who values his services highly. Last night Lord Rothschild's office refused to take any Press calls, referring them to Government spokesmen.

Earlier yesterday, Lord Rothschild was gently hauled over the coals by the two top civil servants in Whitehall—Sir William Armstrong, head of the Civil Service, and Sir John Hunt, the new Secretary to the Cabinet.

Meeting him in the Cabinet office, they reminded Lord Rothschild that he had broken one of the cardinal rules of the Civil Service, Establishment Circular for Establishment Code. This is that civil servants, even temporary ones like Lord Rothschild, a Labour peer, do not enter in public into areas of political controversy. It was accepted by Sir William and Sir John that Lord Rothschild had forgotten this rule.

Last night the Government hoped the affair would soon blow over. But clearly Lord Rothschild's remarks, particularly those about Britain having to give up the idea "that we are one of the wealthiest, most influential and important countries in the world—in other words that Queen Victoria is still reigning—" will strengthen the case of those Tory back-bench MPs, independent economists, and also the Labour Opposition, who are calling for a sharp cut-back in public expenditure, particularly on prestige projects like Maplin.

In fact the embarrassment for Mr Heath of Lord Rothschild's speech is not just caused by its content but by the fact that Lord Rothschild made it just before the annual conferences of the Labour and Conservative parties.

This was shown yesterday in a BBC interview with Mr. David Crouch (C., Canterbury) and a senior officer of the Tory backbenchers' Trade and Industry Committee in the Commons. After saying he was astounded at Lord Rothschild's speech and had half expected him to resign afterwards, Mr. Crouch added that he personally agreed with much of what Lord Rothschild had said.

In particular he welcomed Lord Rothschild's remark that "every man and woman in the country must be made aware of the (economic) dangers and difficulties ahead."

At the same time Mr. Crouch agreed, rather awkwardly, with Mr. Heath's speech on the same night as Lord Rothschild's, in which the Prime Minister had talked about "the rising standard of living enjoyed by the British people." Mr. Crouch interpreted this as a justifiable political ambition on which all Tory MPs supported the Prime Minister.

Understandably, both Labour and Liberal spokesmen sided unequivocally yesterday with Lord Rothschild.

Mr. Wedgwood Benn, "shadow" Minister for Trade and Industry, said the speech "certainly confirms the need for a fresh look at existing Government policies and provides a very important background document for the Labour Party conference next week."

Mr. Jeremy Thorpe, the Liberal leader, said: "If you take on a high-powered executive like Lord Rothschild with a view to picking his brains you should not insist upon gagging him as well." And Mr. Thorpe's spokesman on economic affairs, Mr. John Pardoe, MP, claimed that the Civil Service and the two established political parties had been engaged in a conspiracy to hush up the real economic state of Britain.

Lord Avebury, Liberal spokesman on technology, commented: "Mr. Heath used to preach about a more open style of government. If distinguished men like Lord Rothschild are called upon to advise the Cabinet they cannot be expected to behave as puppets deprived of freedom to express any opinion which does not coincide with the views of the Government."

Reform must wait, says Shultz

BY PAUL LEWIS NAIROBI, Sept. 25.

THERE WILL be no reform of the international monetary system until the American balance of payments has been straightened out and the reform will not be implemented until the U.S. has run a payments surplus for some time, Mr. George Shultz, the U.S. Treasury Secretary, made clear here to-day.

"Such surpluses for a period seem to me indispensable for full restoration of confidence, for encouraging a reflow of dollars to the U.S. and for implementing any lasting monetary reform" he told the annual IMF governors' meeting this morning.

Mr. Anthony Barber, the Chancellor of the Exchequer, said that there was "a growing sense of frustration and impatience" among delegates on the slow pace of the negotiations and that the issues at stake were now largely a political matter, not a technical one.

"We all recognise that we have to resolve issues on which there are strongly held and divergent views," Mr. Barber said, "but to ordinary people everywhere it seems incredible that we are taking so long to reform the system."

The Chancellor left no doubt where he believed the responsibility lay, and said that the time was fast approaching when Mr. Jeremy Morse, the chairman of their experts, would be telling them: "The deputies have done their part. It is now up to the ministers to face the issues and take decisions."

In contrast, M. Valery Giscard d'Estaing, the French Finance Minister, delivered an urbane and unruffled speech, which nevertheless brought out the toughness of the French position on convertibility, controls on capital movements, the non-automaticity of the adjustment process and the link with development aid.

Taken together, his remarks heavily underscored the gap that remains to be bridged between the U.S. and the Common Market if next July's deadline for agreement is to be respected.

He said that convertibility must be obligatory, multilateral and symmetrical, whereas the U.S. wants more elastic rules that would permit countries in

Continued on Back Page

ON OTHER PAGES

Letters to the Editor

BRACKEN HOUSE, CANNON STREET, LONDON, EC4P 4BY

Education of graduates · Real money rates

Sir,—Most of us who work in university education would agree with Mr. Comino's description of the desiderata for the education of graduates. There are two problems which impede the achievement of ideal results. Firstly, most employers will expect the graduate to have a good knowledge of facts and techniques in his field. With the rapid growth in size of technology this becomes an increasing burden. (If graduates are not so equipped we shall no doubt have complaints from employers that "he does not even know Ohm's Law or Hooks' Law or what a Reynolds' number is," or whatever may be relevant to the particular technology concerned.) Secondly, there is the old adage that you can take a horse to the water but you cannot make it drink!

We do try in various ways. The most specific feature I can point to is that most engineering graduates now have to undertake a project in the final year which requires that they use their own initiative in obtaining information and carrying out a design to meet a given specification.

Results may seem thin, but may I assure Mr. Comino that we do try.

D. A Bell,
Professor of Electronic Engineering,
University of Hull.
Hull.

Motorway speed limit

Sir,—Mr. D. A. Lawrence (September 15) apparently did not read my letter about motorway speed limits before answering it. For example, in his clause "(i)" he attributes to me a principle that is the exact opposite to what I said, which was "when the present casualty rate has been lowered . . . then is the time to start talking about raising the speed limit level."

However, to answer his first question, the 70 m.p.h. limit has certainly not been successful in recent years as a safety measure, for the simple reason that it has not been enforced. (Mr. Lawrence missed altogether my key point about enforcement). It *was* moderately successful in its first year of application (1965/66) when there was a degree of observance and enforcement, backed by massive publicity. For example, the 1965/66 casualty per vehicle-mile figure on M1/M10/M45 was the lowest for the whole of the first six years on that motorway section, following five years' steady annual increase.

Next Mr. Lawrence asks under what conditions the speed limit might be removed. I have already made my suggestion but put in another way the answer is—when some semblance of traffic discipline has first been brought to the motorway by means of full enforcement of all the existing traffic laws and codes that are at present largely disregarded (the 70 m.p.h. limit is only part of the package, as I made clear in my letter). It could be done.

F. G. West-Oram.
161, Chester Road,
Northwich, Cheshire.

Sugar in the Common Market

Sir,—Robin Reeves makes some useful points about the reorganisation of sugar in the Common Market (September 18). He leaves untouched, however, the situation in this country.

Here we have a situation where the British Sugar Corporation have a complete monopoly over beet. This was always a damaging arrangement, but in the light of our entry into the EEC it is completely untenable. The time has surely come for the Government to end the beet monopoly of this Government favoured organisation and hand over a sizeable part of its quota to the private sugar industry.

Not only would this provide more competition, it would certainly give us an increase in exports of refined beet sugar. The BSC's record here is lamentable.

Douglas Sandys.
28 Charnwood Drive,
South Woodford, E.18.

B.S. interest rates

Sir,—Mr. Newman's suggestion (September 15) that interest on the first £5,000 of Building Society deposits should be free of all tax is likely to prove politically unacceptable, discriminating as it would in favour of those with high incomes.

Surely a simpler solution is to be much more flexible with the composite rate of tax applied to Building Societies. It could be reduced to 15 per cent., 10 per cent. or even less.

A variation of this approach would be to eliminate the composite rate completely, to pay interest gross, and to combine this with special reliefs for the individual. For example, interest on the first £5,000 of Building Society *deposits* could be free of basic rate tax or alternatively the first £500 of *interest* could be free of basic rate tax—whichever is administratively most convenient.

Higher rate tax could still be levied on all interest and a limit on the basic rate relief would avoid discrimination in favour of the wealthy.

The Societies' cost structure for a 10 per cent. mortgage rate would then be something like this:—

	%
Mortgage interest	10.00
Investors interest	8.80
	1.20
Less management expenses	0.75
Gross margin	0.45
Less corporation tax @ 40%	0.18
	0.27

When societies are short of funds, the Government could increase the tax free limit and when they are in surplus the limit could be lowered. This would probably have to be a once per year Budget exercise. This year by year balancing would provide a basis for a stabilisation fund approach to cope with variations of market conditions within the financial year.

Much as one may sympathise with the building society borrower as interest rates rise, it is the depositor who has had the poorer deal. This approach would go some way to give the depositor a more attractive deal and encourage saving which must be an essential element in bringing inflation under control.

A. C. Mansley
4, Frank Dixon Way,
Dulwich, London, S.E.21.

Liverpool airport

Sir,—I would like to comment on the article by Ian Gronback (September 5) in which he discusses the proposed £10m. major airport development at Liverpool.

A sum of £10m. for a major airport development seems a remarkably good bargain and effectively precludes any reasonable discussion of the pros and cons of development at this airport.

I wish to make it quite clear that this figure of £10m. (which is becoming enshrined in airport mythology) in no way relates to the true costs of the proposed developments at Liverpool airport.

£10m. was the original figure the Airport Committee presented to Liverpool Corporation. Even when presented it was an estimate of the cost of the basic development of the terminal buildings and the extension of the runway. No allowances were made for the ancillary services, maintenance facilities and approach roads, etc., which would be essential if the proposed developments were to go ahead and the extended airport to function with any degree of efficiency.

Since the figure of £10m. was first presented (and it was a misleading estimate even then) the costs of building have increased by fantastic amounts.

I believe that the merits of any development at Liverpool can only be discussed if they are based on realistic estimates of the actual costs. The figure of £10m. is a gross underestimate and should no longer be used in any intelligent discussion of the proposed airport development at Liverpool.

Peter Teebay.
95 Millwood Road,
Speke, Liverpool 24.

More finance for building

Sir,—The builders have issued a clarion call for more Government finance to help more people buy new houses. Let us hope it remains unanswered.

At the moment, building craftsmen are earning between £7,000 and £10,000 per annum in the London area, and that is one of the main reasons for the cost of housing being so high there.

The remedy for the present situation is for the tempo of building to ease, not to intensify it.

With less work, building costs might have a chance of falling to more reasonable levels.

Let the Government intervene with subsidies to reverse market pressures, and you will see house costs really go through the roof!

L. T. S. Littman.
The Reform Club, London.

Poor quality knives

Sir,—With very large numbers of knives reaching this country from abroad, some of them of poor quality and from "low cost" countries, there is a case for a British Standard for kitchen and table knives for domestic use.

The existing standard, BS 4038 (1966), is for cutlery for local authorities, hospitals and other public bodies. This means that much of the work has been done. It merely needs to be brought up to date and checked for relevance to the domestic situation.

It is most difficult for the housewife, in the absence of such a standard, to tell whether a knife is made from good quality high carbon stainless steel. If it is not, then the knife edge will blunt very quickly, with this becoming apparent only after purchase.

Harold Bearston.
68, Turnham Green Terrace,
Chiswick, London, W4.

Equality for women

Sir,—Mr. Castlemount (September 22) suggests that if the Government can be persuaded of the equality of women, then it can be talked into anything, for example, that water may be just as likely to run uphill as down, and that it is unfair or unequal if it does not.

This argument shows Mr. Castlemount's sad failure to distinguish between improbability and impossibility.

To the best of my knowledge, women are not yet scientifically proved to be unequal. But if men continue to argue after Mr. Castlemount's fashion, women may not only be proved to be unequal, they will be proved to be vastly superior.

Elizabeth Sacks.
38, Brondesbury Park,
London, N.W.6.

Post codes and figures

Sir,—Taking note of the remarks made by Mr. R. E. Abbiss, he states on one hand the introduction of the numerical STD telephone dialling system became necessary to facilitate international subscriber dialling, yet he proceeds to praise the questionable merits of a retrograde step into the introduction of confusing alphabetical-cum-numerical post code system.

Perhaps Mr. Abbiss is an advocator of the Englishman ploughing his own traditional furrow establishing yet another "Englishman's Castle." We are Europeans—furthermore members of the European Economic Community and other members of the Community enjoy a simple numerical post code system which, by its non-sophistication, obviates the risk of confusion between letters B and figure 8; S and 5; G and 6; Z and 2 and so on. No doubt in time we will accept that the European Common Market countries possess many well trodden professional approaches to integration and codes of good practice which can be of immense benefit in the future to all of us.

Likewise the peculiar telex code of practice adopted in Great Britain does not escape criticism. Telex numbers are shown on letter headings and publicity material, yet when one dials a number the answerback does not really convey to the sender the identity of the recipient. The answerback furthermore does not state the recipient's telex number, nor the international country code and to add to the annoyance a caller must either check the answerback code with the telex directory or ask the recipient who he is, wasting valuable time and expense.

I admire the sentiment of Mr. Abbiss in retaining traditional attitudes and insular codes of English practice but let us keep life simple and take heed of what is happening on our doorstep in Europe and conform.

B. P. Wallace,
Belvedere Works,
Bilton Way, Middlesex.

Real money rates

Sir,—Your correspondent T. W. S. Robinson (Sept. 12) estimates that the £10,000 house of to-day will be worth about £66,000 in 20 years' time. The value of the land on which it stands will certainly have risen, but what about the building itself?

I see that in Wolverhampton the cost of renovating pre-war council houses has reached £4,700 per unit. It would appear more logical to demolish these houses and replace them with completely new dwellings.

I wonder how much of the existing housing stock will be facing the same fate in the year 2000. The next generation of houseowners will inevitably demand far more luxury features in construction and fittings, and the new house of to-day will be regarded as a quaint relic of the past.

In fact, the quality of the product will probably have deteriorated. The deplorable concept of "built-in obsolescence" will have an even stronger grip on the public imagination. We have been brainwashed into accepting shoddy products which require frequent replacement at ever-increasing cost. This is a major cause of inflation in the consumer-orientated society.

Our countryside is littered with the rusting hulks of abandoned cars which would still be in use if the manufacturers had built them to last.

No wonder the earth's natural resources are being rapidly exhausted when "civilised man" behaves in such prodigal fashion. The process described by economists as "growth" appears to me as ever-increasing waste in many of its aspects.

Our Victorian forefathers valued quality and durability, whether in houses or manufactured goods. It is because the priorities of the present generation are completely different that inflation has become a permanent aspect of economic life as the result of ever-increasing consumption, much of it totally unnecessary.

A. R. Appleby.
38, Goulden Road,
Manchester.

Repayment of War Loan

Sir,—The recent remarks, and criticism of the building societies made by the Prime Minister, and the need for more flexibility in the manner they conduct their business, will cut no ice with the many aged people who trusted the British Government with their meagre and hard earned savings by giving to the nation their all in the form of "War Loan" during the two Great Wars.

At least the building societies return to their investors every pound entrusted to them, and during the loan give them a reasonable interest rate.

The elderly person who gave the nation £100 can only receive back to-day a sum less than £32.

Which system needs an overhaul? The statement that War Loan was repayable some time after 1952 was a confidence trick to obtain this loan and any Government worthy of this nation would take steps to rectify this mean and despicable act.

Personally I would interpret the wording of After 1952 as:—It would not be repaid before that date, but action would be taken to repay the loan after 1952.

John Ross.
19, Carlin Craig,
Kinghorn, Fife, Scotland.

Shoplifting security

Sir,—The tenor of Mr. Moorcroft's letter (September 18) indicates that his indignation would be even more pronounced if he were challenged on leaving a store clutching unwrapped merchandise. In these days of self-service, experience has shown that for cashiers to put purchases, with the relevant receipt, into a paper bag provides the best available visible proof that payment has been made by the customer. While this method is by no means foolproof, it nevertheless prevents honest people from being unnecessarily questioned.

I suspect that Mr. Moorcroft's real complaint is his dislike of large open-plan stores, the majority of which operate the self-service system. If he is prepared to pay for it, I suggest he patronises the many emporia who still provide the traditional personal service with experienced and well-trained staff who I am sure, would be only too pleased to arrange delivery to his residence to save him the inconvenience of having to carry a shopping basket! He could always ask the van driver to park next door, so as to avoid being an unwilling tool of the advertising media.

Keith P. Browne.
8, Hercules Place,
Summerley Fields,
Felpham, Bognor Regis, Sussex.

Revaluation bias

Sir,—It is with diffidence that I enter into a correspondence headed Revaluation bias (P. D. Fells, September 21) because I know nothing about revaluation or devaluation of currencies. On the other hand, however, I do know about the depression of the 1930s and the inflation of the 1970s. There is no doubt that the former was caused by a fear of the financial experts of the time to pour money into the economy and the latter is caused by pouring too much money into the economy.

There is no doubt that if the restriction of the 1930s had been repeated following the Second World War we would have had a similar depression. The difference would have been that during the 1940s, '50s, '60s and '70s the populace would no longer have tolerated mass unemployment because law and order would have broken down completely and we would have had anarchy.

I have no doubt that Governments of the world realise this and prefer inflation to anarchy. On this basis it is difficult to visualise any other condition than continuous inflation. In the final analysis it does not matter how little the standard of currency is worth so long as the majority of people can feel that they have sufficient for their needs and provided that every country sees the problem alike and acts accordingly.

Again speaking from an abundance of ignorance it appears obvious that for every country to seek a surplus in its balance of payments is crying for the moon. It necessarily follows that if a number have a favourable balance of payments the rest must have a deficit. Until the na[illegible] of the world see this pro[illegible] as a worldwide one and [illegible] simply as a national one we [illegible] no hope of ever reaching a st[illegible] of sanity.

I wait with interest to see how the world copes with these extremely simple problems.

J. P. Pickering,
Orchard House, Priestpopple,
Hexham, Northumberland.

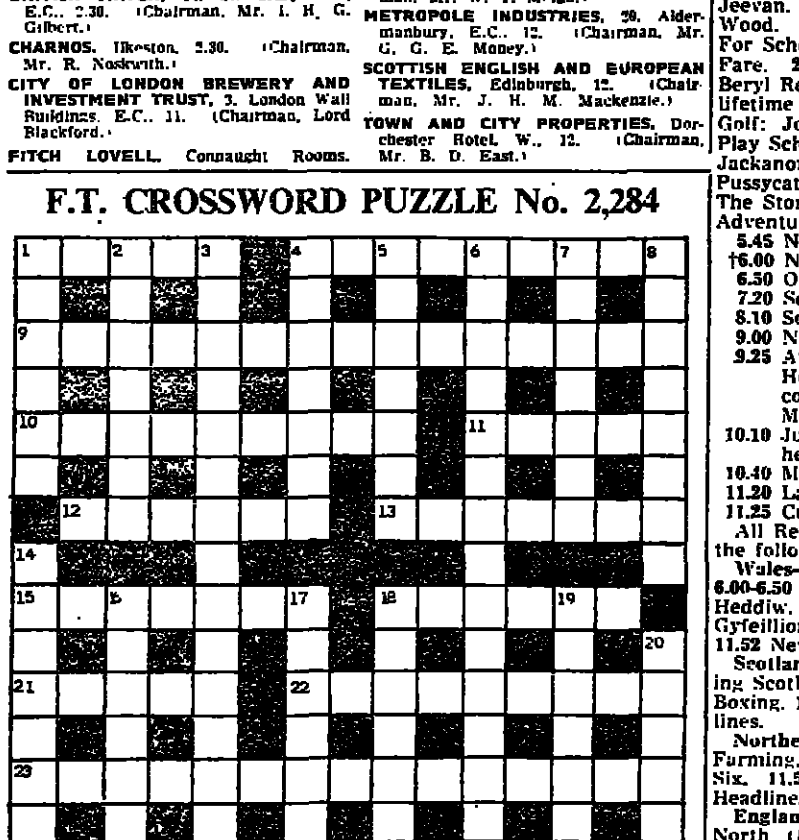
Events

To-day

COMPANY MEETINGS

ASSOCIATED FOOD, Charing Cross Hotel, W.C., 12.30. (Chairman, Mr. R. W. Young.)
ATTOCK OIL, Winchester House, E.C., 12. (Chairman, Mr. D. P. S. McCarthy.)
BRITISH MATCH, 14, St. Mary Axe, E.C., 2.30. (Chairman, Mr. I. H. G. Gilbert.)
CHARNOS, Ilkeston, 2.30. (Chairman, Mr. R. Noskwith.)
CITY OF LONDON BREWERY AND INVESTMENT TRUST, 3, London Wall Buildings, E.C., 11. (Chairman, Lord Blackford.)
FITCH LOVELL, Connaught Rooms, W.C., 12. (Chairman, Sir Charles E. M. Hardie.)
GRESHAM INVESTMENT TRUST, Barrington House, E.C., 12. (Chairman, Mr. P. G. Wreford.)
HELICAL BAR, 59, Aldermanbury, E.C., 12.30. (Chairman, Mr. J. D. Spooner.)
HOUCHIN, Ashford, 10. (Chairman, Mr. R. W. Houchin.)
MELODY MILLS, Leicester, 12. (Chairman, Mr. W. T. Meigh.)
METROPOLE INDUSTRIES, 59, Aldermanbury, E.C., 12. (Chairman, Mr. G. C. E. Money.)
SCOTTISH ENGLISH AND EUROPEAN TEXTILES, Edinburgh, 12. (Chairman, Mr. J. H. M. Mackenzie.)
TOWN AND CITY PROPERTIES, Dorchester Hotel, W., 12. (Chairman, Mr. B. D. East.)

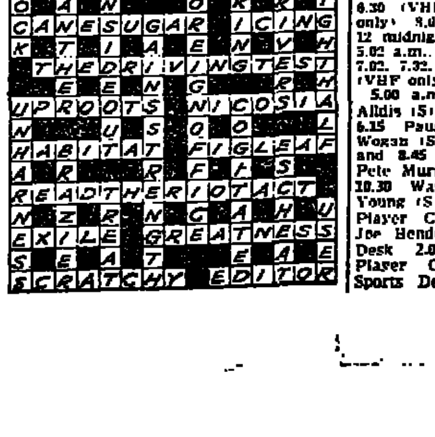
F.T. CROSSWORD PUZZLE No. 2,284



ACROSS
1 Bird seems goody-goody to mine (5)
4 An escaping prisoner usually goes mad (2, 3, 4)
9 Well-built chap hanging on in rush-hour tube (9, 6)
10 Inconsistent having no stock of fishing tackle (3, 2, 4)
11 Trunk to put right like this (5)
13 Barefoot hounds in trouble (6)
15 Silly lover who wrote of Kinquering Congs (7)
15 Immigrant earning a salary (7)
18 Wonderful lighthouse (6)
21 Revolutionary associated with Watt (5)
22 Much satisfactory business (1, 4, 4)
23 Mad cricketers ringing the changes (4, 2, 3, 6)
24 Scots beauty spot going to one's head (9)
25 Partisan drunk in West country they say (5)

DOWN
1 What has happened to alternative minister (6)
2 Strict moralist wrecking the up-train (7)
3 Pre-lunchtime's peak greeting (3, 2, 3, 7)
4 Brought together in fun—I die convulsed (7)
5 Lock backward soldier in with wild cat (7)
6 Choosing approach for appeal to voters (8, 7)
7 Sick person getting on causes flap in aircraft (7)
8 Setting for Trial by Jury (3, 5)
14 Case for a sailor going for a song (5-3)
16 Company allowed Lawrence of Arabia to join French writer (7)
17 Source of nuclear power of which there are about another (7)
18 Children in favour of getting information before the end of day (7)
19 In an extremely gorgeous state? (7)
20 Cricketer who used to be no gentleman (6)

SOLUTION TO PUZZLE No. 2,283



TV Radio

† Indicates programme in black and white.

BBC 1

9.38 a.m. For Schools, Colleges. 12.00 International Golf: John Player Classic played over the Ailsa Course, Turnberry, Ayrshire. 1.00 p.m. Nai Zindagi Naya Jeevan. 1.25 News. †1.30 Pogles' Wood. 1.45 The Fanatics. 2.02 For Schools, Colleges. 2.45 Family Fare. 2.53 A Funny Thing . . . Beryl Reid with memories from a lifetime in show business. 3.00 Golf: John Player Classic. 4.00 Play School. 4.25 The Mole. 4.35 Jackanory. 4.50 Josie and the Pussycats in Outer Space. 5.15 The Story Behind the Story. 5.40 Adventures of Parsley.
5.45 News.
†6.00 Nationwide.
6.50 Oh, Father!
7.20 Search Control.
8.10 Softly, Softly: Task Force.
9.00 Nine O'Clock News.
9.25 At the End of the Day: Rt Hon. Harold Macmillan in conversation with Robert McKenzie, part 2.
10.10 Julie Felix sings some of her favourite songs.
10.40 Midweek.
11.20 Late Night News.
11.25 Cut and Thrust.

All Regions as BBC 1 except at the following times:

Wales—4.50-5.15 p.m. Cadi Ha. 6.00-6.50 Wales To-day. 6.50-7.10 Heddiw. 7.10-7.40 "Fy Nghyfeillion." 7.40-8.10 Sykes. 11.52 News of Wales.

Scotland—6.00-6.50 p.m. Reporting Scotland. 10.10-10.40 Amateur Boxing. 11.52 Scottish News Headlines.

Northern Ireland—1.00-1.25 p.m. Farming. 6.00-6.50 Scene Around Six. 11.52 Northern Ireland News Headlines.

England—6.00-6.50 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South West (from Plymouth). †11.52 Regional News Headlines.

BBC 2

11.00 a.m. Play School.
4.00 p.m. International Golf: John Player Classic played over the Ailsa Course, Turnberry, Ayrshire.
†5.25 Open University.
7.30 News Summary.
7.35 Golf: John Player Classic.
8.10 Man Alive.
9.10 Mid-week Cinema: "The Small Back Room," starring David Farrar.
10.40 News Extra.
11.10 Film Night.

LONDON

9.30 a.m. Schools Programmes. 12.00 The Daily Fable. 12.05 p.m. Mr. Trimble. 12.25 The Adventures of Rupert Bear. 12.40 First Report News with Robert Kee. FT index. 1.00 Scotch Corner. 1.30 Crown Court. 2.00 Harriet's Back in Town. 2.30 Good Afternoon! 2.55 Sarah. 3.55 Looks Familiar. 4.20 Little Big Time. 4.50 Arthur of the Britons. 5.20 Survival.
5.50 News from ITN.
6.00 The Shadoks followed by To-day.
6.35 Crossroads.
7.00 Anna and the King.
7.30 Coronation Street.
8.00 Reg Varney.
8.30 Man About the House.
9.00 Van der Valk.
10.00 News at Ten.
10.30 Football: England v Austria.
†11.30 Tales of Edgar Wallace.
12.30 a.m. Hugh Kay with Archbishop Roberts.

All ITV Regions as London except at the following times:

ANGLIA

2.30 p.m. Houseparty. 4.00 About Anglia. 7.00 The Protectors. 8.30 The Best of "Father, Dear Father." 11.30 Russell Harty Plus. 12.15 a.m. Shirley's World. 12.40 Your Choice.

ATV MIDLANDS

12.00 Gordon Bailey. 6.00 p.m. ATV To-day including Police Five. 7.00 Police Surgeon. 8.00 The Champions. 12.30 a.m. Christians At Large.

BORDER

6.00 p.m. Border News and Lookaround. 7.00 Police Surgeon. 11.35 The Baron. †12.30 a.m. Border News Summary.

CHANNEL

12.55 p.m. Channel News Headlines. 2.30 The Galloping Gourmet. 6.00 Report at Six. 7.00 Treasure Hunt. 11.35 Romantic versus Classic Art. 12.00 News and Weather in French, followed by Epilogue.

GRAMPIAN

12.00 Mid-day Round-up. 6.00 p.m. Grampian News. 6.05 Thompson at Teatime. 7.00 Rogan's Heroes. 7.25 Coronation Street. 7.55 Football: Scotland v. Czechoslovakia. 10.30 Your Own Retirement. 11.00 The Avengers. 11.55 F Troop. 12.25 Meditation.

GRANADA

12.00 A Handful of Songs. 5.15 p.m. Nature's Window. 5.20 Crossroads. 6.00 Northern News. 6.05 The Three Stooges. 6.25 Survival. 6.55 Mr. Magoo. 7.00 Police Surgeon. 8.30 The Comedians. 11.35 The Evil Touch.

HTV

2.30 p.m. Houseparty. 4.50 Woody Woodpecker. 5.20 Daily Fable. 5.35 Crossroads. 6.01 Report West. 6.15 Report Wales. 6.30 Arthur of the Britons. 7.00 Mr. and Mrs. 11.35 Man in a Suitcase.

SCOTTISH

12.00 Bu-Bar. 2.30 p.m. Housecall. 5.20 Calimero. 5.25 Crossroads. 6.00 Scotland To-day. 6.30 Survival. 7.00 Bewitched. 10.30 The Odd Couple. 11.00 International Football (Scotland v. Czechoslovakia). 12.00 Late Call. 12.05 a.m. To See Ourselves.

SOUTHERN

12.00 Southern News. 2.30 p.m. Houseparty. 5.20 Cartoon. 5.25 Crossroads. 6.00 Day By Day. 7.00 The Protectors. 11.30 Southern News Extra. 11.40 Longstreet.

TYNE TEES

9.30 a.m. In Times Like These. 12.00 Daily Fable. 2.30 p.m. Galloping Gourmet. 6.00 To-day at Six. 7.00 Police Surgeon. 11.30 Late News Extra. 11.45 Randall and Hopkirk (Deceased). 12.40 Lectern.

ULSTER

†12.59 p.m. Ulster News Headlines. 3.55 Looks Familiar. †4.23 Ulster News Headlines. 6.00 UTV Reports. 6.15 Crossroads. 6.50 Bless This House. 11.30 O'Hara, United States Treasury.

WESTWARD

12.25 p.m. Gus Honeybun's Birthdays. 12.25 Grasshopper Island. 2.30 Westward News Headlines. 6.00 Westward Diary. 7.00 Police Surgeon. 11.35 Westward Late News. 11.38 Romantic v. Classic Art (Edgar Degas). 12.05 Faith For Life.

YORKSHIRE

6.00 p.m. Calendar. 7.00 Police Surgeon. 11.35 The Name of the Game.

RADIO 1 247m

(S) Stereophonic broadcast

[illegible]

RADIO 2 1,500m and VHF

[illegible]

RADIO 3 464m, Stereo & VHF

[illegible]

RADIO 4 434m, 330m, 285m and VHF

[illegible]

Racing

Brooke for Bond

by DARE WIGAN

WITH THE end of the flat racing season less than six weeks away, the scramble for prizemoney is on with a vengeance, and it is not surprising that there are 103 declared runners this afternoon at Lingfield, where the Nutfield Plate for maiden two-year-olds has had to be divided.

The one race at Lingfield that is not hotly contested is the Hartfield Stakes (4.30), which appears to be a formality for *Irvine*. This grey horse, by Sea Hawk II, who was runner-up to Our Mirage in the Jockey Club Stakes, and a close third to Petty Officer and Fair Lark in the Vaux Gold Tankard at Redcar at the end of May, has not run since, but he will not have to be in peak fitness in order to defeat *Ismaquehs*, who is also sired by Sea Hawk II.

Another grey, *Prince Gourmet*, is the probable winner of the Tilburstow Handicap (3.30). This colt by Native Prince has had a busy season, for this will be his 15th outing. However, he keeps his form well and has not been out of the first four in his last nine races. He deserves a change of luck and may get it here.

The best bet at Lingfield may be *Legal Tender* in the Woldingham Handicap (2.30). After scoring at Brighton and Kempton last month, Staff Ingham's colt was a good fourth behind Bandstand, Nutkin and Swingfire in a hotly-contested handicap at Newbury on September 7 and he strikes me as being reasonably weighted with 8 st 5 lbs.

Cuteness, also trained by Ingham, and ridden by Miss Brooke Sanders would be an appropriate winner of the Brooke Bond Brazilian Coffee Cup (3.0), and she will, I think, be too good for *Pee Mai* at the weights. *Silk and Satin*, a half-sister, by Reform to that good horse, Feliciano, was an impressive winner at Windsor a fortnight ago and I prefer her to *Heavenly Form* in the Knole Plate (2.0).

At Beverley, *Smiddly Hill*, though out of his element when last of four behind Attica Meli, Bretton Woods and Proverb in the Doncaster Cup, is preferred to *Nine Lessons* in the Arram Stakes (4.0). *Damiana* has *The God Mother* to beat in the Weel Handicap (4.30).

Henry Cecil can take the two divisions of the Willerby Maiden Fillies Stakes (3.0 and 5.30) with *Remodel* and *Antenna*, and certainly it will be a major surprise if *Arisaig*, whom he trains for Major Sir Reginald Macdonald-Buchanan, does not win the September Amateur Riders' Stakes (5.0) in the hands of Mr. Philip Mitchell, though the combination will, I fear, be at prohibitive odds.

LINGFIELD
1.30—Feather Top
2.00—Silk and Satin
2.30—Legal Tender***
3.00—Cuteness**
3.30—Prince Gourmet
4.00—Soccer
4.30—Irvine
5.00—Brava

BEVERLEY
2.30—Hot Abbot
3.00—Remodel
3.30—Elena La Paz
4.00—Smiddly Hill
4.30—Damiana
5.00—Arisaig
5.30—Antenna

Lesser Land's French company

LESSER LAND, the property company of the J. E. Lesser Group, has set up a new company in France, Lesser Promotions (France) S.A. This will take over responsibility for Lesser Land's industrial and commercial property activities in France.

Current projects include two £2m. office and shop developments, and several smaller commercial developments.

Mr. S. I. Redstone, director and general manager of Lesser Land, said: "The French property market has considerable potential and our present programme justifies our own specialist company on the spot."

Royal Wedding record planned

A SOUVENIR record of Princess Anne's marriage to Captain Mark Phillips will be rushed to shops by the BBC five days after the royal marriage on November 14.

The £2.25 long-player, will include a recording of the wedding ceremony in Westminster Abbey, music for the wedding, and the voices of Princess Anne, Captain Phillips and the Archbishop of Canterbury.

Mr. Peter Dimmock, general manager of BBC Enterprises, which is responsible for marketing programmes and records, said the record would be issued worldwide—distributed by Polydor Records under a two-year agreement with the BBC.

ECCLESIASTICAL RAISES CAR PREMIUMS

The Ecclesiastical Insurance Office is to raise private car insurance premiums by an average of 6 per cent. from November [illegible] The last increase in the premiums was in July last year. The present rises are the minimum necessary to cover higher costs, the company said.

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ury

The Spanish Tragedy

y MICHAEL COVENEY

.s Kyd's famous play, ally renowned for its ry and undeniable influ- all subsequent Elizabe- nd especially Shakes- tragedy is an ambitious, the event, futile choice for yet another new mpany. In the play- t the end of the 16th- when the play enjoyed cess, the most astonish- ity must have been the gical presentation of the haracter. Hieronimo: in , conversational solilo- progresses from a condi- private grief, through t the apparent inability vengeance for his son's by legal means, to a irrepressible outrage channels, craftily, into revenge.

re is more to the play st Hieronimo's tale. a few years later, re was to locate the of revenge tragedy roughly in the depiction tral character, Hamlet, describes a complicated revenge activity which some remove from the core of the play: the Andrea initially cries ge for his own death on efield at the hands of , who, in turn, involves a series of murderous owever, in backing ruth- ough the various, appar- tor, decorations of the ry line, the director Philip Allen-Morgan in fact thins the play to such an extent that Kyd's panoramic description of court corruption is fatally trivialised.

In addition, the performances themselves do little to restore anything which is perforce removed. The explicitly sexual encounter between Hieronimo's son and the salacious Bel-Imperia is timidly rendered, the wicked double act of Lorenzo and Balthazar is sadly short on Machiavellian dastardliness and Hieronimo himself, instead of occupying a commanding place in our sympathies is played by an actor who continually teeters around the edge of the wavering spotlights, over anxious to assert his credibility as a middle-aged unfortunate.

The strongest performances come from Jeremy Chandler and Paul Alexander as Andrea and Revenge, but they are dragged in by the director to play any of the small parts going (thus sacrificing their objectivity as avenging agents), and Mr. Alexander is absurdly required to help out Hieronimo with his long speech in which he turns to a programme of privately exacted revenge. The final bloodbath is wanly mimed, most of the speaking is terrible, and the entire cast display an unjustifiable tendency to address remarks and profiles to an imaginary circle. Better to have left this curious play alone than so rashly to have squandered its still considerable potential.

Pablo Neruda

GORDON BROTHERSTON

Neruda is dead. The aria Clinic, Santiago, poet had been confined cer of the prostate Wednesday, gave the ils death on Monday as are. The effect of his ince at the age of 69, unsettled Chile and field, cannot easily be A Communist, former the Chilean Congress. r Chilean ambassador Neruda was a close d supporter of Presi- ide, killed in the mili- two weeks ago. There nours and counter- that the 1971 Nobel er had died or been the wake of the coup. was the most honoured imed poet of Latin winner of both the ce Prize and the Nobel stood for values that ma to the new leaders ntry.

dines were loudly pro- — his poetry, especially eneral (1950), an epic rica, and in his Third a sequence provoked al Franco's military in Spain in 1936. No sort of poetic message been heard with sympathy, and was signed to be. His worked like a lash, not immediate expressors rd targets like the nt Company and other companies in Latin ut on what he under- imperialism in all its s praise of Stalin; for as vehement.

fairly be suspected of ring telling dramatic- istance how he went und" in Santiago in ping from Gonzalez r the ice-capped Andes argentinian railhead. his tone mellowed so, for the revolu- of his continent), works like Estrava- re as a professional Party member he double-edged sarcasm that he is "not good at being independent."

Yet there is an elemental passion in his verse which cannot be gainsaid, a strong human commitment to people exploited and abused. He related his social conscience to his simple origins as a railworker's son in the south of Chile. Several of his more powerful poems evoke the forests, the rain, the horsemen, and the sea of the "South," and it was chiefly nostalgia for that region which prompted the collection of poems which first made him famous, *Twenty Poems of Love and a Song of Despair*, published in Santiago in 1924.

There he showed that fine and intelligent sensuality, which informs so much of his poetry, even during the bleak period of the first *Residences* written, partly under the influence of T. S. Eliot, when he was working in the Far East in the late 1920s. Over the half-century of his creative life Neruda produced a vast and varied body of poetry: he was a prolific, luxuriant and subtle writer, one for whom self-knowledge was seldom corrosive, a master of rhetoric yet unexpectedly tender.

Mr. Brotherston is a reader in Literature at the University of Essex.

Loughran to continue as Hallé's chief conductor

Mr. James Loughran, 42, is to continue as principal conductor of the Hallé Orchestra. Mr Loughran succeeded the late Sir John Barbirolli as the orchestra's principal conductor in 1971.

A spokesman for the Hallé Society said Mr. Loughran was on a three-year contract and although this still had one year to run, it had been decided to renew it now. The new contract would continue for as long as both parties wished.

Susan Fleetwood and Alan Bates in The Royal Shakespeare Company's "Taming of the Shrew" which opened last night at Stratford-upon-Avon

Corinne McCarthy

Shiraz Festival

Puppets and players

by ANDREW PORTER

All the Shiraz shows, whether from the "Third World" or the international avant-garde, involved music: sometimes just songs, or ritual dances instrumentally accompanied, and sometimes music from beginning to end, as in the Nigerian troupe's *Oba-Koso*, which could be reckoned a folk-opera, a colourful presentation of an episode from tribal history (a peace-loving chieftain, two belligerent generals), accompanied by a virtuoso drum quintet, full-throatedly sung, and danced with swift, brilliant feet. While an international audience sat through pieces in Arabic, Nigerian, Polish, Yugoslavian, Malaysian and Iranian, questions of verbal versus visual and musical communication were insistently posed. Often enough, primed by a careful synopsis, one found it quite easy to "follow" and even respond to what was going on—but only on the level of someone ignorant of much Italian who goes to Figaro, reads a synopsis of the action, and gets the general idea plus a word or two here and there.

Krzysztof Jasinski's STU Theatre, from Cracow, brought their *Fall* and *Polish Dream-Book*. By contrast with the chilly, disciplined rites of Grotowski's team (who came to Shiraz three years ago), STU is a lively young band, intelligent, questioning, critical, a little rough, and distinctly winning. Anyone cosmopolitan could "follow" *Fall* (which has a starting-point in the poem of same title by Tadeusz Rozewicz, best known here from Penguin anthologies): Gorky, Sartre, the Living Theatre, Arrabal, one of Mao's parables, pass in review; Camus yields to Françoise Sagan, during a lively examination in stage terms of ideologies and answers—"on the one hand the wandering of Western Youth in a thicket of incoherent ideas, on the other socialist youth forming a new reality." But in Poland the audience also plays a part with its laughter, comment, and reactions; in Shiraz the sharp-pointed text went for nothing while we enjoyed just the visual metaphors and the theatrical vigour of the troupe.

Fall and, even more, the *Dream-Book* treat of Polish preoccupations with international (well, Western international) stylised terms of reference. Esmail Khalaj's *Spending Friday* was a piece of Iranian local realism given poetic and dramatic form. The scene is a tea-house; the piece plays informally in an actual tea-house—in which, apparently, outbursts of dance or song can also be a real-life occurrence. A group of Iranian small tradesmen and craftsmen pass their rest-day discussing their lot in a country where workers and peasants are better off than ever before, the middle-class prospers, and technocrats are the élite—while they have been left out, and cannot even afford meat in their pottage. The strong naturalistic acting of the Tehran Theatre Workshop (a company supported by the National Radio and Television) and the disciplined and varied rhythms of Khalaj's play made it, even for a foreigner, an impressive and enjoyable experience.

Iranian drama was further represented by Bahram Beizai's twin plays *Sunset in a Strange Land* and *The Tale of the Hidden Moon*, given by the National Theatre Group. The players enact puppets—so well that after a while one forgot one was watching human beings. In the first play, they rebel against their puppet-master, and he destroys them; in the second, they ask him vainly to intervene and avert the traditional tragic ending. Gloomy allegories—but a colourful, agreeable show. Puppets were a recurrent theme throughout the Third World offerings—I am not sure what moral we should draw. Bijan Mofid's *Don't Die, Little Goat* was a tuneful nursery tale, attractive to listen to, but I suppose it was also an elegy for pastoral life and bountiful nature being destroyed by greedy industrialisation. Mofid (whose *City of Tales* has been praised in these pages) is a popular poet and songwright of abundant talent. His piece was taped in Persian, but enacted by Athanor, the Paris Shadow Theatre. Athanor's own contribution, *The Four Seasons of Love*, was dull and pretentious.

More people playing at puppets, more Petrushka-variations, in Andrée Chedid's *Le Montreur*, from the Tunis Municipal Theatre, founded in 1954. Sharif Khaznadar had directed a deft, dapper piece of Arabic *commedia dell'arte*. The puppets leap from their little stage and conspire to poison the puppet-master, but they bungle things. Piquant music. From the Casablanca Theatre there were two shows directed by Tayeb Saddiki. *The Maqamat of Hamadani* was a very tolerable suite of comic moral fables, drawn from the first-century poet-philosopher, and played out by a lively company. Saddiki's *Es Sefud* was a clumsy, intolerable collage of ideas from Brook, Grotowski, Chaikin, set in a madhouse and "reflecting all the cultural influences alive in Morocco."

Lebanon sent a very sophisticated, funny, intelligent send-up of amateur theatricals, Raymond Gébara's *Under Zaccour's Patronage*, which delighted the audience—it was wittily performed—while saying some sharp and recognisable things about Lebanese cultural life. *Hamlet* played a part in it—and a large part in the Belgrade Atelje 212's *Hamlet in the Cellar*. This was odd-piece-out in the festival fare—a keen, decent piece of young workshop produce, but small beer to an audience reared on Gregory, Savary, Chaikin. More puppets—pure, traditional, and beautiful, playing episodes of the *Ramayana*—from Malaysia, where one master controls the large shadow cast, and wondrous aerial battles are fought out on the little screen to stirring music; and from Cambodia, where the shadow-players are activated by a whole troupe of dancers.

These shadow-plays were given not in a public square, with an audience free to come and go, but in the University Gymnasium with serried seating. Sound was horribly over-amplified. The festival owns fine sound-apparatus and likes to use it; but *Persicos odi apparatus* when the result is dynamically so false to the original. One wants to be drawn into exotic sound-worlds, not have them bang out at one. On the development of the NIRT Chamber Orchestra, for that matter, I have no clear opinion, since it was heard this year through loudspeakers, not in true balance or with real timbres. And even the magical sounds of the Korean Court Orchestra (which includes the *teageum*, a bamboo alto flute of ravishing timbre) were bumped up, at times to distortion. (Their concert was on a Friday and competed, in Ivesian antiphony, with the muezzin, also heftily amplified, in the nearest minaret.

Microphones versus natural acoustics: an electric light-bulb behind the shadow-puppets instead of flame or flare; traditional day-long epics reduced to a two hours' traffic of the stage; the fact that Iranian Television has rescued Persian classical music from extinction—these had their bearing on the deliberations of the Conference on Third-World Theatre. The Third World, in the eyes of the International Theatre Institute, is defined partly by geography (Asia, Africa, and South America), partly by a history of colonial exploitation, and partly by the possession of indigenous cultures threatened by the West. Ethnic minorities have associate status, and Western observers are admitted.

A certain conflict, latent rather than formulated, divided the champions of dynamic political theatre, aimed at changing men's way of thinking, and the preservers of century-old national arts uncontaminated by new technology. After all, the old plays often preach submission to fate, uphold the old order, hymn the heroic virtues of feudal rulers, and proclaim faiths that the young deem superstitions.

Perhaps nothing more than general uplift, exchange of information and ideas, and some new friendships will result from the conference. What economic, social and cultural problems are shared by, say, Chile, Ghana, and Iran? What general conclusions can be reached? Even just in Iran "theatre" ranges from the Kurdish incantation ceremony, chanting and drumming, which can last for three days but was trimmed down to 90 minutes or so, by which evil spirits are driven from a sick man; epic solo minstrelsy from Khorassan; the sacred gymnastics of the *zurkhaneh*; the *ta'zieh* or mystery play which is marvellous theatre by any standards but should apparently be seen by an audience of the devout; *ruhozi*, the popular Persian *commedia dell'arte* (the *Figaro* I sketched out two years ago for a Tehran *ruhozi* troupe is still in its repertory; I hope some theatre historian a century or two hence comes upon it); ancient rites, modern rites, mixed rites, and modish cosmopolitan fantasies from Tehran intellectuals.

Some complained that the festival which in the past has presented major new works by Peter Brook, Robert Wilson, Merce Cunningham, and Stockhausen had this year become diffuse and less exciting. Don't agree. Though some of the Third World offerings were no more than mildly engaging, the mix as a whole was heady. For the Western visitor, part of the stimulus of Shiraz is the sense of seeing the world from a new centre (and getting a new view of both the blights and the benefits of Western capitalism). So no general conclusions—the evidence was diverse, confusing, exhilarating and incomplete—but just an exclamation of delight in the variety of experiences that were offered. At the close there was a spectacle from Japan that was non-political, wildly exciting, and the big hit of the festival. Shuji Teriyama's *Origin of Blood* can be the matter of a final piece.

Lucy Milton

Ad Dekkers

by MARINA VAIZEY

Lucy Milton's gallery in Notting Hill Gate is a friendly small place, and one of considerable importance for those interested in particular sorts of present day art activity. Lucy Milton is determined, enthusiastic, energetic and committed to what we loosely call constructivist or systemic art. She exhibits its British adherents and outstanding European practitioners, with affectionate skill. She has shown us the work of people normally known in London just through foreign exhibition catalogues, from Schoonhoven to Carel Visser, and she has carried her enthusiasm to many of our museums.

Until October 2, the young Dutchman, Ad Dekkers (b.1938), is exhibiting his cool plastic reliefs. Constructivist art, or arts of abstract geometry, are somehow very European. It is all to easy, because of the great strengths of Dutchmen working in this way, to equate it there with that neat country, with its grid of canals. Certainly, Dekkers is after the essence of the line, which he hunts with the obsession of those determined to track mythical beasts. His ambition is to make us conscious of geometric lines and curves, their essence, hanging in space. To this end, he is determined to make us less and less conscious of the material by which he presents line, and shadow.

So his newest reliefs are immaculately done, wooden constructions faced in smooth plastic, uninflected by the variation of brush strokes. His structures are based on proportions: lines, which may be perceived as lines or rectangles, may exist too as borders on the rectangular surface of the relief. The space between line and edge of the relief may be determined by the depth, the thickness of the construction. Much of the schema, carefully worked out, by which Dekkers determines the placing of his lines, is invisible: we see one line, or two, a cross, part of a grid, which is but visible evidence of a complex of calculations, imaginary lines drawn from a given point, and so on.

Dekkers works almost exclusively in white. Recently he executed an entire wall, or wall surfacing relief, at the Kroller Muller Museum in Otterloo. Slashes, filled with shadow, occurring at regular intervals in the long wall, suggest to the visitor, entering the museum by passing the Dekkers wall, that something is going on. The ordinary institutional blandness, the careful sanitation of official white walls, their neutrality, suddenly becomes absorbed into what works as a lengthy and interesting use of space, where the flatness of the wall becomes three dimensional, and the regularity of the shadowy gaps between sections of the wall becomes part of a pervasive visual and physical rhythm as we walk past. This wall piece by Dekkers, almost as long as the hall which contains it, is felicitously placed at right angles to a series of shimmering brilliantly coloured paintings by Ellsworth Kelly. The other walls of the Kroller Muller entrance halls which contain the Dekkers and the Kellys are of glass.

In the mid-1960s, Dekkers was absorbed in the problem of squares transforming themselves into circles, straight lines into curves. One such free standing sculpture is at the Lucy Milton exhibition. His recent work, from 1970, is completely concerned with the straight, or diagonal, line. In the reliefs, these lines are incised into the surface. Nevertheless, the effect is a curious one of floating, hinting at the immateriality Dekkers is after.

With such pristine but sophisticated means and methods, Dekkers is creating a series of works whose subject is lines in space. They are remarkably beautiful to look at, and to contemplate, serious in intent, but conveying a sense of joy in their exquisitely delineated proportions.

ion

Delivering the news

by JOHN HOWKINS

n news has always of the medium's most prestigious services. always seemed to me r of the two major rtments, the BBC's takes the most of its es and that their rammes were not as hey could be.

k, two unusual pro- (and the imminent Britain's first inde- adio news station) me to consider TV ar detail. By chance, Open University pro- at described the news ortion of the work-in Clyde Shipbuilders, trated on the three ews bulletins: BBC1's s News, ITN's News BBC2's News Extra ery weekday), using order to tape any pro- at clashed. On Tues- rdays I watched all ms and BBC1's Late s as well. I do not the experience.

like radio news, must its audience all the spaper editors know readers will pick and eir favourite news editors of TV news such luxury. Their ble d'hote and it has e viewers' attention main bulletins are about nine million roughout the half-

ten University pro- dem Behaviour, gave ple of the dangers of at need to get and ttention of nine mil- The programme e workers at Upper builders and said, in the news media had exaggerated the dramatic quality" to heighten public interest. Both TV and the Press, for instance, implied that almost all of UCS employees were working; in fact, only 400-800 (under 10 per cent.) did so. On the film, Jimmy Reid, the Communist works convenor, admitted that he treated the media as a tactical weapon: "Talking to the Press is part of my job." The Official Liquidator was more circumspect: "It's not part of my job to spread impressions." The film, low-budget but fascinating in its frankness, was an apposite reminder of the dangers of relying on the dramatic and personal to convey complicated events.

The news editor of this table d'hote menu faces another temptation — to run items together. The results can be as disastrous in a news programme as in the kitchen. BBC 2's News Extra on Friday passed with hardly a break from Nixon's "on-off" tour of Europe to the rumours of Agnew's resignation to Concorde's arrival at Dallas to the conversion of some hangars to take supersonic aircraft. I would guess that most viewers assumed that the hangars were to be built in Dallas as part of the town's mammoth new airport - Wrong—it is to be Heathrow.

But the news editor's biggest problem is television's voracious demand for pictures. The Nine O'Clock News and News at Ten probably contain fewer words than the front page of this newspaper. But whereas a newspaper will generally publish one or two pictures or diagrams, both TV news programmes have to find, in all, about thirty different pictures (film, tape or stills) for each bulletin.

Most news pictures merely illustrate the script, such as the stills of Mr. Edward Heath that edged self-consciously into the corner of the screen whenever (which is often) he had made a newsworthy comment without being photographed doing it. Or the now familiar still of the blue-and-white Chrysler hoarding at Ryton, produced like a senile rabbit from a shabby top-hat, that was used to herald the latest news on the Chrysler stoppages. The TV news editor faces tremendous pressure to show pictures. A report with pictures was often regarded as a more attractive news story than a report without pictures when the next day's Press seem to have regarded them as having equal newsworthiness. The bias is sometimes legitimate, sometimes not. I was not impressed by the BBC's report in Tuesday's News Extra on the lying in state of King Gustav (the next day's Press ignored it). News Extra gave it more time than King Hussein's amnesty. Nor by the repetitive reports on Concorde's latest peregrinations. I can sympathise with the news editors' temptations to show both these films. But I cannot support them.

The other rarer kind of news film does not merely illustrate the news story. It is the story. ITN's unusual lead story on Tuesday's News at Ten was a good example of this "picture-as-news."

At 5.15 that morning, ITN had filmed Detective Chief Supt. Lewis briefing his Bomb Squad for his dawn raids. Scotland Yard had had a lead, we were told, that the London bombings were not the work of the IRA but of an "anarchist" group. We saw the half-awake detectives with thoughts hovering between bed, the job and the ITN film camera; Lewis's candid briefing; the mixed reactions; the arrest warrants being handed round; the detectives walking round the corner to find their cars; the police dogs asleep on the front seats, and so on. It was a dramatic film, and rightly so.

In fact, the raids drew a blank. In newspaper terms, it was a non-event. A gamble on a scoop that didn't come off. No newspaper editor would have asked his reporter to turn his notebook jottings of that pre-dawn meeting into a lead story. Only the Mirror and the Daily Telegraph mentioned the raids at all and both only briefly (ITN mentioned them neither in its mid-day First Report nor its early evening news).

ITN realised however, that the film did have a rare televisual quality. It wasn't hard copy: "So-and-so did this." Instead, it was a description, in pictures, not words that illuminated a hitherto unknown aspect of Scotland Yard's Bomb Squad.

BBC and ITN are jealous, of course, of their differences. The BBC's news departments produce a wide range of programmes from 50-minute specials to Made in Britain, a seemingly endless series of 10-minute programmes shown at Sunday lunchtime: and it has close relations with the Current Affairs department. The BBC tends to regard the Nine O'Clock News as the department's pure news programme, presenting the BBC's edited view of the day's events.

ITN is very different. It produces only three programmes: First Report, an early evening Robert Kee's engaging daily bulletin and News at Ten. Editor Nigel Ryan's energetic pursuit of racy tele-journalism and ITN's lack of a separate current affairs programme, have come together to make News at Ten, by far ITN's most important production, its present combination of reportage and investigation.

The poor relative of both the main bulletins is BBC2's News Extra. This 11 p.m. half-hour programme has decided to be competitive to the existing news services instead of complementary. It is the least lively and the least needed of TV's news programmes.

Five years ago, the broadcasters' conventional wisdom stated that television's advantages of immediacy, visual impact and cheapness would seduce an increasing number of people from their daily newspapers. Last week, the first two factors were rarely in evidence.

ITN was the first to realise that television was least suited to produce, and the public generally did not want, news-as-information. Both the medium and the audience seemed to be happier with news-as-entertainment.

News Extra's report on the Chrysler stoppages symbolised the BBC's more traditional attitude. Clive Jacobs finished his report with these words: "All those involved in making cars in Britain must now be recognising the situation not only for their own industry but for the economy as a whole." The tortured vocabulary is abstract and confusing (throughout the week, ITN's scripts were notably more concrete and memorable than the BBC's). Much worse is Jacobs' editorial appeal to the "national interest."

I found last week that the most useful and memorable news services were the short, newsy, factual "headlines," and the researched background film pieces. News editors face two temptations: treating the news as dramatic entertainment, and of using it as a peg for editorial comment. ITN tended to produce news-as-entertainment. The BBC tended to editorialise. Both departments showed themselves capable of producing efficient, useful headlines, and excellent film reports. But too often the temptation to do otherwise proved too strong.

CINEMAS ARE CONTINUED ON PAGE 12

Cadbury Fry under Indian monopolies investigation

BY K. K. SHARMA

NEW DELHI, Sept. 25.

FOR THE first time since the Monopolies and Restrictive Trade Practices Act was enacted, the Indian Government has itself ordered an investigation into the affairs of a company with foreign interest on charges that it has fixed exorbitant prices for products and entered into agreements with dealers which amount to restrictive trade practices.

The company concerned is Cadbury Fry (India) which is part of worldwide chain of producers including chocolates, confectionery, and baby milk powder and commands around 80 per cent. of the Indian market, according to sources in the Department of Company Law.

[Mr. Basil Collins, the Deputy Managing Director of the Cadbury Schweppes group of companies to-day declared that Cadbury's had as yet had no formal advice from the Indian Government to this effect. In fact, he said, "There has been no question of our restricting the market, but we are currently restricted by the Indian authorities."

Mr. Collins stressed that Cadbury Schweppes had over many years created a market for chocolate and chocolate drinks in India apart from investing considerably in cocoa in order to help the Indian foreign exchange position through import substitution. This has been done by giving advice and the sending to India of the company's experts. Cadbury sources to-day said, in effect, that the Cadbury Schweppes group has already formally asked the Indian Government for permission to sell more chocolate and chocolate drinks in India than it is at present allowed, but that it has the distinct impression that the Indian Government is endeavouring to get local companies to produce chocolate and to restrict the Cadbury expansion programme. The sources suspect that an eventual solution will be the granting of permission to produce more chocolate on the basis of some form of Indian participation scheme in the expansion programme.]

The investigation is being made by two specialists of the Department who have been asked to submit a report within three months.

Large sales drive in Austria under way

BY OUR OWN CORRESPONDENT

VIENNA, Sept. 25.

TO-DAY'S INAUGURATION of "British Weeks" in ten Austrian department stores, sponsored by the Board of Trade, has introduced a new sales drive for British consumer goods in Austria.

It is accompanied by talks between British and Austrian industrialists on ways to expand mutual trade.

Mr. Derek Ezra, Chairman of the European section of the British Overseas Trade Board, who launched the British display at Vienna's Gerngross department store this morning, said that close association between Britain and Austria which arose through EFTA membership must be further developed. The EEC should not stand in the way of exploiting the many possibilities for a continued expansion of mutual trade.

Austro-British exchanges had risen at an extremely fast pace over the past ten years. Britain's exports to Austria increased from £32m. in 1964 to 119m. in 1972, that is, more than 250 per cent., while its imports from Austria rose from £26m. to £125m., which is almost 400 per cent. In the first seven months of 1973, Britain's exports amounted to £79m., a 20 per cent. increase over the same period of last year, its imports reached £199m., that is, 39 per cent. more than the corresponding 1972 figure.

A delegation of British businessmen led by Mr. Bunyl (paper manufacturer) had come out to Vienna with Mr. Ezra for discussions with an Austrian group headed by the Chairman of the Industrialists' Federation, Dr. Igler, on how to stimulate mutual trade. They are making a complete review of the current position and of future possibilities, and will inform British companies on their return about the prospects.

A small joint executive group is being set up for regular Austro-British contacts.

Britain and Austria exchange at present a large range of engineering products and consumer goods, Mr. Ezra told the Press. There were also many possibilities for exporting technical knowhow. Thus, Dr. Higatsberger of the Austrian Nuclear Institute was currently visiting Harwell to study expertise on atomic power stations, in connection with the building of Austria's first nuclear power reactor at Zwentendorf on the Danube.

In his capacity as Chairman of the National Coal Board, Mr. Ezra said Britain was negotiating with the Austrian Steel industry about their purchase of anthracite and hoped to do some business in future also in coking coal.

BRITISH EXPORTS

Trade with E. Germany declining

U.K. TRADE with the GDR (East Germany), which for years has been in the doldrums, should increase now that diplomatic relations have been established, according to Mr. Robert Anthony, head of the London Chamber of Commerce and Industry's East European Division. Writing in the September issue of Commerce International, the Chamber's official journal, Mr. Anthony says that up till now the main beneficiaries of the GDR's growing trade with the West have been the Federal Republic, France and Japan. The GDR conducts about 25 per cent. of its overall trade with Western industrialised countries of which the Federal Republic accounts for 40 per cent. This trade has been enhanced by the Federal Republic's insistence on treating trade with the GDR as inter-German trade, giving it special advantages in matters like payments and customs.

As far as trade with Britain is concerned, Mr. Anthony says that this is still comparatively small—British exports were £14.9m. and imports were £21.6m. in 1972. The main British sales were machinery, non-ferrous metals, textiles and chemicals. The main imports were fertilisers, chemicals, motor vehicles and scientific instruments.

On the other hand, as far as British exports are concerned, the GDR says that there is no discrimination in awarding contracts as long as the terms are right. However, British exports are falling — they totalled £17.25m. in 1971—particularly in machinery down from £7.46m. in 1971 to £4.18m. in 1972. The reasons advanced by the GDR for this decline, in addition to the need for increased exports to Britain, include the fact that British firms are not persistent enough or do not seem to give the GDR market the same priority as their competitors, and that complete plant purchases depend on stable political relations.

Chances in French retailing

BY M. G. DOUGAL, FIRST SECRETARY (COMMERCIAL) BRITISH EMBASSY, PARIS

IT WAS a famous Frenchman to whom is attributed the phrase that Britain is a nation of shopkeepers. This seems ironc given that 72 per cent. of all reail sales in France are still made by small independent shopkeepers. Indeed, to the specialist, the most noticeable feature of the French High Street has been the absence of multiples. In Germany and Britain one finds the same high street shops in the South as in the North, but not in France, where only the department stores (Pintemps and Nouvelles Galleries), the variety stores (Prisunic and Monoprix), Singer and certain shoe and maternity wear chains ar truly national. The largest food groups, like Casino and Docks Remois, are still regional.

Formidable hurdle

This has always been a formidable hurdle for British exporters of consumer goods to overcome. As there were a few central purchasing organisations it required investment, patience and marketing skill to make an impact in France. Thus only Johnny Walker whisky, Dinky Corgi and Matchbox Toys, Schweppes, Cadbury and Rowntree-Mackintosh can yet be said to have nationally known brand names. But the situation is beginning to change, and with it British penetration of the French retail market.

The first change is that, stimulated by stagnating or even declining town centres, hundreds of new stores have opened on urban fringes. Until now there has been no difficulty in getting planning permission (France is 2½ times as big as the U.K. with only 9/10ths of its population). Many of these new stores are hypermarkets, that is single-storey shops of over 2,500 square metres, with multiple parking and check-out, and selling a variety of goods, half of them non-food items. There are currently 229 of these in France, with Carrefour (38) the largest group in terms of turnover, but Paridoc (52) in numbers of stores. Other important groups are Euromarché (25 stores) and GAGMI (39). Although the first hypermarket only opened in 1963, their share of total retail trade is already 6 per cent. and growing fast. One single hypermarket, the Carrefour at Vénissieux (near Lyon) last year had a turnover of Frs.425m. Some of these groups, like Euromarché, have a central purchasing organisation. Others, like Carrefour, have none so that each store buys individually.

There are also many recently opened specialist out-of-town stores. For example there are now 244 garden centres in France. The most obvious, however, in furniture: chains like Levitan (90 stores), Mobilier de France (154 stores) and its discount subsidiary Mobis (31 stores) are already familiar sights. There is also a trend towards household goods stores typified by Conforama. This chain started in 1968 and by the end of this year will have 42 stores and an annual turnover of Frs.720m. It offers a wide range of everything for the home—furniture, carpets, electrical goods, even do-it-yourself. Other similar new chains are Afeda (26 stores) and Darty-Real (10). Typical of this trend is the main-road N151 out of Bourges, where on one single road the following stores have all sprung up:—Carrefour, Levitan, Mobis, Afeda, Supermarché du Meuble, Nouvelles Galeries, Trigano and La Hutte (the last two being sports and camping goods retailers each with over 300 mostly franchised points of sale). British sales to these new stores, unlike those of W. Germany, Belgium or Italy, are still very small. An allied development has been the continuing growth in the number of petrol service station boutiques. Shell, for example, now has about 600 of these throughout France and BP about 400.

The second major change, complementary to the first, is the rapid growth of suburban commercial centres. Those near Paris are best known—like Parly 2 (the first, with four large stores and 99 shops) and Rosny 2 (with six large stores, 150 shops and parking for 4,500 cars)—but there are now 134 in France. A new trend is for the centre of attraction to be a hypermarket (that is, discount store) surrounded by a shoal of specialist boutiques.

The third change has been the effect of these successful out-of-town stores on the traditional town centre retailers, the department and variety store groups. Their return on capital has been depressed and some, like Galeries Lafayette and Au Bon Marché, have made heavy losses. They have been forced into making major changes—Au Bon Marché in Paris will shortly be rebuilt and Au Printemps has launched into a chain of successful menswear stores called Brummell. Most of them have opened new stores in the commercial centres and in many cases they have opened hypermarkets themselves—Au Printemps, for example, has a share in the Euromarché chain. Another result has been to make the plight of the small shopkeepers a national issue once again. Thus all modern out-of-town stores now have to pay a tax, based on their size and turnover, which is used to finance the pensions of the small shopkeepers who go out of business. In addition, there is a Bill before the Assemblée Nationale whose passage (which seems assured) will limit the grant of planning permissions for new hypermarkets.

The fourth change in French retailing is the increased amount of protective grouping of independent retailers in nearly every field into voluntary buying organisations. These offer collective purchasing power, a common insignia, joint advertising, and professional advice in return for 2-3 per cent. of turnover. Typical are Les Opticiens Krys (opticians—270 members), Union des Chausseurs Français (shoes—550 members), Camara (photographic articles and Hi-Fi—102 members) and Cart (electrical goods—160 members).

There are probably over 100 of these organisations already and more are starting all the time. They, too, offer British exporters those central purchasing organisations whose absence has made selling more difficult in the past.

Significant change

The final, and from a British point of view the most significant change in French retailing, has been not so much the increase in size of existing French multiples (André, the leading shoe retailer, has opened a total of 62 shops in the last four years), as the move into France of foreign chains. The British are the most obvious. Burton now has 55 points of sale and is the second largest menswear chain. GUS is the third largest following the purchase of 100,000 Chemises. Richard shops has three French points of sale: Habitat has just opened; Marks and Spencer have announced the opening of two stores in 1975; and other firms, already established in France, are likely to be thinking of expansion. In other fields British chains are sounding out the ground; some may prefer to buy an existing shop or small chain (of which there are very few), others to start from scratch. This move into France should have a significant impact on British sales of consumer goods in France.

No multiples

At the same time other foreigners, tempted by the opportunities, are moving in. The Germans have not done much in the last 10 years but now Quelle and Photo Porst both have a few points of sale and ambitious plans. Jelmoli of Switzerland is moving into France, and rumour has it that the Americans are looking around for purchasing opportunities. Faced by these prospects, the most dynamic French chains are reacting quickly. FNAC, an impressive town centre retailer of electrical goods, is planning to open a chain of photographic stores called "Relais." France's largest department store chain, the Nouvelles Galeries, is planning a chain of perfume shops called Séphora. Printemps has its menswear subsidiary Brummell. And the largest French mail order firm, La Redoute, is opening stores in the new commercial centres.

Meanwhile there are other parts of the French retail scene where virtually no multiples yet exist and where an entrepreneur could do well — dry cleaning, automatic launderettes, patisserie, books, women's outerwear, toys, handbags and beauty products to name the most obvious.

So the face of French retailing is changing fast. It presents great opportunities both for British retailers and manufacturers. The result should become apparent in the trade figures with France over the next few years.

ATERGATE

Committee still trying to pin down Colson role

BY ADRIAN DICKS

WASHINGTON, Sept 25.

SENATE Watergate Com- e concentrated much of its tion once again this morn- m trying to pin down the in the affair of Mr. Charles n, the former special sel to President Nixon, as ontinued questioning Mr. ward Hunt.

Hunt described at some h the activities he took part a member of the White e special investigations unit, n as the "Plumbers," under Colson's direction, and ted that some of these not be described as having ing to do with national ity considerations—the de- of the Plumbers' establish- and secret operations put rd by President Nixon.

the first time in Mr. Hunt's ays of strained, and appar- highly nervous, perform- before the Senators, a note nedy crept in when he told he had disguised himself the aid of Central Intelli- Agency experts in order terview Mrs. Dita Beard, T lobbyist at the centre of ear's scandal over the Re- an National Convention. explained to the Committee e had posed as a senior l of the Administration was concerned about Mrs. 's welfare" and that his n had been carried out on lson's instructions in order d out from Mrs. Beard er her notorious memoran- linking the convention to a hefty contribution from ITT and settlement of its anti-trust probe was genuine.

Although he conceded that this incident, and the fabrica- tion of State Department cables he described yesterday, had noth- ing to do with the national security, Mr. Hunt maintained that he was still convinced of the legality of the burglary of Dr. Daniel Ellsberg's psychia- trist's office and of the Water- gate burglaries against the Demo- cratic National Committee.

Asked by Senator Joseph Montoya why he had acted so furtively after the arrest of five men inside the Watergate on June 17, 1972, Mr. Hunt insisted that this was only to "take the heat off" and said he had pleaded guilty at his trial last January "because the Govern- ment had withheld evidence that might have helped my defence."

Last week Mr. Hunt, who has been convicted but not yet sen- tenced for his part in organising the Watergate break-in, began proceedings to have his plea changed and a new trial held on the grounds that the Administra- tion had withheld evidence that might have cleared him.

To-day he gave a tantalising hint of what that evidence might be when he referred to two note- books which had been in his safe at the White House but had disappeared between the time of the break-in and the trial. He told the Committee they had contained a list of contacts at the CIA, of the men who had taken part in the Watergate and other operations under the so- called "Gemstone" plan, and of a number of private telephone lines of White House officials.

Earlier, Mr. Hunt told Senator Edward Gerney, the conservative Republican who is President Nixon's staunchest defender among the Senators, that he suspected a double agent had been responsible for the failure of the Watergate incident and the arrest of the five men caught inside the Democratic National Committee headquarters. He said he thought the double agent was Mr. Alfred Baldwin, the man who sat in a hotel room across the street from the Watergate office building complex listening to tapped telephones and bugged conversations.

Mr. Hunt said he suspected Mr. Baldwin because Mr. Baldwin had not given the alarm when he saw police activity in the Watergate building on the night of the raid, and also because Mr. Baldwin was the nephew of a prominent Democratic judge in Connecticut and had other personal links with the Democrats.

Much of the force of this theory, however, was undermined when Senator Lowell Weicker, a Republican representing the State, put in that Mr. Baldwin's uncle, Chief Justice Raymond Baldwin, was in fact known to people in Connecticut as "Mr. Republican."

Kissinger to visit U.K. next month

BY OUR FOREIGN STAFF

DR. HENRY KISSINGER, the new U.S. Secretary of State, is to visit Britain on October 15 to speak at a dinner of the Pilgrims, a private organisation which is concerned with Anglo-American relations.

During his visit Dr. Kissinger is expected to continue the talks with Sir Alec Douglas-Home, the Foreign Secretary, which he began at the U.N. on Tuesday night. The two foreign Ministers met for an hour and a Foreign Office spokesman said yesterday that they had discussed Anglo-U.S. relations, the Middle East and relations between the U.S. and the Nine.

It is understood that Dr. Kissinger told Sir Alec that President Nixon had not yet decided whether to postpone his trip to Europe which was originally planned for this autumn.

In New York yesterday, Dr. Kissinger conferred with Mr. Knud Andersen, the Danish Foreign Minister, on the U.S. proposal for a new "Atlantic Charter" and Europe's response to the idea.

Mr. Andersen represented the EEC as chairman of its foreign policy group. The meeting came six days after the community's reply to Dr. Kissinger's April call for a new relationship with Western Europe was delivered to the State Department. It was reported at the time to be a "vague" draft proposal for a joint declaration on relations between the two sides.

During yesterday's General Assembly meeting Canadian External Affairs Minister Mitchell Sharp said the United Nations had an "indispensable role" in peacekeeping and peace observation efforts such as those in Indochina.

Despite Canada's withdrawal in July from the International Commission for Control and Supervision in Vietnam, Mr. Sharp said that Canada remained willing to participate in peace supervisory efforts, but under UN auspices.

Argentine guerillas kill Peronist leader

BUENOS AIRES, Sept. 25.

GUNMEN BELIEVED to be members of the now outlawed People's Revolutionary Army (ERP) urban guerilla organisation to-day assassinated labour leader Jose Rucci, Secretary-General of Argentina's General Labour Confederation (CGT) which is one of the power bases of the Peronist Government, a CGT spokesman said here.

The ERP were outlawed by Argentina's new president, 77-year-old General Juan Perón, only hours after he was swept to victory in Sunday's election.

General Perón had promised a crackdown on Marxist guerillas and the ERP, in particular, had been a focus of the mounting anger of Perónists during recent weeks.

The highly-organised ERP was founded in July, 1970, as the armed branch of the Marxist "revolutionary workers' party." It spearheaded armed resistance to the military who ruled Argentina for seven years until last May when a Perónist Government took over.
Reuter

Robert Lindley writes: Argentina's Federal police sources report that a ransom of $3.5m. is being asked for British-American Tobacco executive David Heywood. Were such a figure to be paid it would probably set a record for ransoms in the current wave of kidnappings.

Mr. Heywood, the 38-year-old assistant financial manager of Nobleza, British-American's Argentine affiliate, was kidnapped last Friday night near his Buenos Aires suburban home. In April, Nobleza's president, Mr. Francis Brimicombe, who like Mr. Heywood is also British, was kidnapped and ransomed five days' later at a price which was reported at $1.75m.

Mr. Brimicombe's kidnappers were members of the Marxist-Leninist guerilla group, the People's Revolutionary Army (ERP). Mr. Heywood's kidnappers may be common criminals, according to the Federal police.

Final provisional results of Sunday's election give Peron and his third wife, Isabelita—she is Vice-President elect—61.85 per cent. of the vote.

The Perons will be sworn in next month, possibly on October 17, which is "Peronist loyalty day." Earlier, inauguration day had been set for October 12.

From Santiago Reuter reports: A member of the Chilean military junta has declared that the country is still in a "state of internal war," as troops continue massive raids on private residences and public buildings in the capital.

Speaking 13 days after the coup that toppled President Salvador Allende and brought about his death, Navy commander Jose Toribio Merino laid most of the blame for continued bloodshed on foreign "extremists" allegedly still resisting the coup.

Although industries were reported to be functioning again with almost total manpower, there has been a steady exodus of foreign technicians, mainly Bulgarians, East Germans and North Koreans whose countries broke diplomatic relations with the new regime. These technicians had held key industrial posts under the previous Government.

Forty Soviet copper experts, who arrived just before the military coup to bost the copper mining industry, are leaving with the remainder of the Soviet diplomatic mission, informed sources said.

Meanwhile the U.S. was among the latest countries to extend recognition. The others were Venezuela, Jordan, Panama and Ecuador, bringing to 22 the number of States which have now recognised the junta.

Accused union leader Boyle has stroke

WASHINGTON, Sept. 25.

FORMER mine union leader Mr. W. A. "Tony" Boyle suffered an apparent stroke before hearing on a murder charge against him and was in serious condition to-day a George Washington Hospital spokesman said.

Mr. Boyle, 71, former president of the United Mineworkers' Union (UMW), facing multiple charges in the 1969 killing of a rival for the union leadership, collapsed at his home in north-west Washington on Monday. Nine hours later, a hospital spokesman said, he had not regained consciousness.

Sources said Mr. Boyle's condition was grave and said his chances of surviving are probably "less than 50-50." The hospital said doctors caring for him described his condition only as "serious—not stable."

Boyle had been ordered to appear before a Federal magistrate to-day for hearing on an effort by Pennsylvania authorities to extradite him on the December 31, 1969, murder of Mr. Joseph A. "Jock" Yablonski.

Mr. Yablonski, his wife and a daughter were killed with a shotgun at their Pennsylvania home a few weeks after Boyle defeated Yablonski in a campaign in which Yablonski sought to oust Boyle from the UMW presidency.

Boyle was ousted last December by one of Yablonski's allies, Mr. Arnold Miller, in a new election ordered by a Federal judge who threw out the Boyle-Yablonski vote on grounds of fraud by the Boyle forces.—UPI.

Canada may quit shipping pact

SUMMERSIDE, PRINCE EDWARD ISLAND, Sept. 25.

Mr. Jean Marchand, Canada's Transport Minister, has said that Canada will withdraw from the Commonwealth Merchant Shipping Agreement and reserve Canadian coastal shipping for Canadian-flag vessels within the next five years.

Following discussions with officials of the Atlantic coast provinces, Mr. Marchand said the policy had been endorsed after assurances that regional industries would be protected through the maintenance of "adequate and competitive" shipping services on the coast.

Safeguards would ensure that water transportation costs in the Atlantic provinces would not be adversely affected. The protective measure, he said, would be national in character and also apply to the west coast of Canada.

Mr. Marchand said the safeguards will consist basically of a system of granting "grandfather rights" to Commonwealth ships already in the coasting trade.

"We would recognise the existing rights of certain Commonwealth vessels—rightly acquired by virtue of participation in the Canadian coastal trade before this policy change—to continue their activities for a period of two to five years," Mr. Marchand said.

In order to withdraw from the Commonwealth Shipping agreement which allows only Commonwealth vessels in the Canadian coastal trade except for an area of the Great Lakes, Canada must provide one year's notice to the British Government. Legislation now in force under the Canada Shipping Act will have to be redrafted. AP-DJ.

Skylab finds Nevada 'minerals'

HOUSTON, Sept. 25.

OTOGRAPH taken from by the Skylab II astronauts ncovered hints of a huge l deposit in eastern a apparently lying un- l near a major open pit mine.

s that a geological feature Ely, Nevada, may be a of some as yet unknown l were spotted in the raph by a University of geologist. The geologist, roy Jensen, has now d a prospecting effort to what he believes the disclosed.

suspected deposit covers 100 square miles, Mr. said. In 1963 it was sur- from the air for its c properties. Geologists at that time did record the magnetic anomalies that are characteristic of mineral deposits.

However, they also said the area appeared to be covered by volcanic rocks. As a result, it never has been an area of any unusual prospecting activity "because everyone assumed that it was covered by thousands of feet of volcanic rock," Mr. Jensen said. "And even if there were ore deposits below it, it would be difficult to mine them," he asserted.

The first Skylab flight last June, however, did manage to photograph the Utah-Nevada area from space as part of the Skylab's Earth resources studies. Mr. Jensen, under a grant from the National Aeronautics and Space Administration, analysed the pictures for their geological significance. He was particularly interested in the area near Ely because he has worked as a geologist in that area for the last 25 years, he said.

In studying the Skylab pictures less than a month ago, the geologist noted there were large light-coloured areas amid the dark-coloured volcanic rock. This suggested limestone, he said. "Obviously, therefore, the volcanics are very thin in these areas," he asserted. "The magnetic anomaly that surrounds this area is not due to the volcanic rocks but to something underneath the surface
AP-DJ

EUROPEAN NEWS

French keep up pressure against regions proposals

BY RUPERT CORNWELL La Grande Motte, Sept. 25

FRANCE SEEMS set on maintaining its resistence to the ambitious proposals for an EEC regional fund, so dear to Britain, which is due to be debated by the Community's Council of Ministers in the coming weeks.

Addressing a 20-nation European regional conference here the French Planning Minister, M Olivier Guichard, said it would be best first to define a joint approach on how the regions in question are to be developed before a substantial fund is put into motion.

While supporting in general a cautious approach to a supranational regional policy, he managed to take a dig at Britain's strong claim on the fund. Entry into the Common Market alone, he said, should provide the necessary impetus to overcome a great many problems by encouraging the modernisation of outdated industrial plant.

However, the EEC Commissioner for regional affairs, Mr George Thomson, the main author of the proposals which await ministerial approval, again pleaded to-day for their speedy implementation. Failure by the Council to endorse them would be a severe psychological blow to Europe's efforts to shake off its image of being a merely mercantile grouping.

M. Guichard, on the other hand, argued that any policy which merely handed out subsidies to a number of backward regions while allowing the unimpeded expansion of those already thriving would be expensive and ineffective.

Instead, he called for a fuller statistical study of European regions, which notably took into account the distortion caused by recent monetary upheaval. He also repeated the familiar French argument that regional disparities were most felt within an individual State, and thus should be tackled first at the national level.

The most promising approach should be a joint search for other ways of helping the poorer areas. Two courses suggested themselves—improved transport and communications links, and a sterner Government policy in forcing industry away from its traditional homes.

The main such area, which *M. Guichard described as the* "Ithrit axis" was the highly industrialised belt running down the centre of the Continent, from the English Midlands through the Low Countries, Germany, and eastern France, to the Po Valley in Italy. This contained over half of Europe's population, and generated two thirds of its wealth and a large share of its pollution.

The only way of tackling this and thus avoiding the nightmare megalopolis of the future lay in tough government action. This had already borne fruit in France, Britain itself, and Italy, he claimed.

The same fear of an uncontrolled industrial belt was expressed by the West German Minister for Planning Herr Hans-Jochen Vogel. He emphasised, with more than one eye on the 4m immigrant workers in his country, that capital must gravitate to where labour is to be found rather than the other way round.

The three-day conference here is the second such organised under the auspices of the Council of Europe. Twenty nations, including several outside the Council are participating and to-morrow wil begin work on a *draft agenda for regional action* on an overall European basis over the next three years.

Italians relying on Nine's help

BY PETER TUMIATI ROME, Sept. 25.

"THE SIZE of the problem of the Mezzogiorno exceeds the effective possibilities of our economic system." This admission was made in Bari by the Minister for Southern Development, *Sig. Carlo Donat Cattin.*

The implication of his statement is that the countries of the Common Market are going to be called on to honour what here is considered their undertaking to help develop Italy's south. In Italy it is felt such an undertaking was entered into with the creation of the EEC. The regional policy outlined by the Brussels Commission is considered hopelessly inadequate.

According to Sig Carlo Donat Cattin, 70,000 new jobs a year must be generated in industry alone in the Mezzogiorno for the next 10 years. He disclosed that a recent study of the south came to the conclusion that between 1971 and 1980 two million additional men are going to come on to the Mezzogiorno's labour market. Just to maintain the present share of national wealth between the Italian north and south 1.3m. new jobs in the south have got to be brought into being, of which 700,000 will have to be in industry.

The proposed Comon Market regional policy—the expenditure throughout the whole of the EEC of a total of 2,400m. units of account in 3 years—amounts to a fraction of what Italy has been spending out of its domestic resources for southern development.

The proposed share Italy would get of the 2,400m. UOA (about one-third) is little more than one half of the investment which would be required for the planned Gioia Tauro steel plant alone. At best the steel plant could provide 4,000 jobs.

The situation in the south, the growing feeling of bitter frustration there accompanied by political extremism, is causing grave anxiety in informed circles here. Recent rioting in Naples, Reggio Calabria and elsewhere sounded the alarm signal. The indications are that the whole of the Mezzogiorno is becoming a breeding ground for neo-fascism.

The economic repercussions of the cholera outbreak have wrecked the brittle and thin texture of the economy of the south. Its dependence on tourism and on less than marginal activities such as unlicensed shellfish fishing has been seen to be enormous. The latter has been stopped by drastic police action and, a wave of dismissals by hotels, inns, restaurants and shops is feared.

Finland 'near' EEC pact

BY LANCE KEYWORTH HELSINKI, Sept. 25.

IT NOW seems that Finland will finally sign its agreement with the EEC on free trade in industrial goods, soon, perhaps next week.

Observers here are still slightly sceptical about any unofficial news of the Finnish decision, for it has become one of the longest cliff-hangers in the country's post-war political history. After 20 months of negotiation the agreement was initialled by Finland in Brussels in July, 1972.

It emerged soon after that that the reason why Finland was the only EFTA neutral not present at the signing ceremony was of foreign policy origin—or, to put it bluntly, Soviet misgivings about the effect of the agreement on Finnish-Soviet relations. After this had been definitively disposed of by the beginning of this year, internal political squabbles continued to delay the decision and remain the sole reason for the persisitng uncertainty.

Association: African States meet next week

By Bridget Bloom, Africa Correspondent

AFRICAN TRADE Ministers are to meet in Dar es Salaam next week in an effort to co-ordinate their positions in the forthcoming association negotiations with the enlarged European Community. Observers from Commonwealth, Caribbean and Indian Ocean States are also expected to be present in the Tanzanian capital.

The African meeting—of some 40 States, including existing EEC associates and other "associables"—follows that held in Brussels in July with the *Nine*. Then, the 42 States present achieved a remarkable degree of unity, putting forward to the Community a common view — in the form of agreed principles—on the future of association.

Next week's meeting, however, is designed to hammer out a common negotiating position, a much harder task. There have always been considerable differences of approach, principally between the French-speaking associates and the Commonwealth group, which now threaten to come to the surface again.

In Brussels last week, President Hamani Diori of Niger suggested that a common front between anglophone and francophone African States was premature. There should, he said, be one agreement for the existing associates and another for the "associables." After five years of such an arrangement "I think confidence would be created so that we can go a step further," the President said.

The Niger.en President's views were echoed last week by the Ivory Coast Minister of Planning, M. Diawara, who was also speaking at an occasion to celebrate an "African Fortnight" in Brussels. M. Diawara said he believed that association must involve the pr nciple of reciprocity—to which Commonwealth African States are opposed.

How far either President Diori or M. Diawara represent other associated States remains to be seen. It is being suggested in certain circles in Brussels that the French, never very happy about an all-African association, may be behind current moves to forestall a united stand.

Be that as it may some tough negotiating will have to take place in Dar es Salaam if the unity achieved in Brussels is to be maintained when the African *States (together with the* Caribbean and Indian Ocean countries) meet the Nine again in Brussels on October 17.

PAY DAY FOR LIP WORKERS

BESANCON, Sept. 25.

Workers in the bankrupt Lip watch company to-day gave themselves their third pay day since they started running the company on their own last April.

ITALY

Banks charge more on lending, but pay same on deposits

BY ANTHONY ROBINSON ROME, Sept. 25.

THE ITALIAN commercial banks have now followed the sharp rise in official interest rates announced 10 days ago. At that time the Italian monetary authorities raised the discount rate from 4 to 6.5 per cent. rising to a maximum of 9.5 per cent. for persistent borrowers. They also raised the Lombard rate to 6.5 per cent. and introduced a new series of six-month treasury bonds at 9 per cent.

Now the 14 largest commer*cial banks,* who set the pace for most of the banking and credit system, have brought their "prime rate" for first class borrowers up to 10 per cent., fixed a 9.75 per cent. rate for loans backed by bonds and a 9.50 per cent. rate for discounted trade bills. Hitherto these rates oscillated between 7 and 9 per cent., in theory: in fact, however, the latest formal increase merely brings their interest rate structure into line with the sort of rates they have in fact been charging in recent months.

To this extent the move is similar to that made by the monetary authorities, who by raising the official rate structure merely formalised the existing situation whereby the central bank in practice, virtually refused to lend to the commercial banks at the official base rates but called for rates at the highest end of the spectrum, or only partially satisfied commercial banks demands.

Meanwhile, in an attempt to ensure that passive interest rates, that is those payable on deposits, do not rise through competitive bidding to rates which would equal or exceed those obtainable in the long and medium term domestic bond market, the commercial banks have agreed to keep such rates on deposits below the 7 per cent. or more obtainable on bonds.

This reflects an official effort to isolate the bond market as far as possible from the new high interest rate structure. The Treasury's decision to issue six month Treasury Bonds at 9 per cent to yield 9.64 per cent. has aroused considerable investor interest. In practice the October tranche of Lire800,000m. of such bonds has been reserved for subscription by the Central Bank in the first instance. At the same time the banks are still saddled with the decree obliging them to invest Lire3,000,000m. in ordinary bonds this year.

In this way the monetary authorities hope to succeed with their rate manoeuvre, aimed at temporarily raising short term rates, to cope with the high liquidity needs of the Teasury in view of the budget deficit, while insulating this short-term rise from the longer term end of the market.

One inevitable side effect of this manouvre has however been to raise the formal rate structure now practiced by the commercial banking system. This is already sparking off strong protest by small and medium businesses in particular who fear for the loans needed to finance their investment and production plans and are complaining bitterly of a credit squeeze at their expense.

BUDGET GAP MAY WIDEN FURTHER

MILAN, Sept. 25.

ITALY'S budget deficit this year could well exceed even *the latest, sharply upward-*revised, official estimate of about Lire8,800,000m., Budget and Planning Minister Antonio Giolitti said. But he reaffirmed the Government's commitment to adhere to the deficit limit of Lire8,606,100m. set for 1974. This limit represents "an essential element in our struggle against inflation," he said.

Reuter

Big leak in VAT

By Peter Tumiati

ROME, Sept. 25.

ITALY'S REVENUE from value added tax, which went into effect on January 1 this year, is falling far short of expectations, Finance Minister Sig. Emilio Colombo confirmed to-day in an interview published by the magazine Oggi.

VAT replaced the IGE turnover tax which was the biggest single source of revenue for the Government. Direct taxes in Italy have always accounted for considerably less than half of total tax revenue. Sig. Colombo says that he hopes to improve the situation with the introduction of the new income tax system and with the fiscal pardon which the Government is about to grant.

Clarifying the Government's ideas on the kind of fiscal pardon which is being considered, he said it will concern 3.3m. cases of tax payments and declarations which the tax authorities consider unacceptable.

Iceland court opens hearing into collision

REYKJAVIK, Sept. 25.

THE CAPTAIN of an Icelandic patrol vessel alleged before a martime court here to-day that the British frigates Lincoln and Whitby made 11 attempts to cause a collision with his ship last Saturday.

The court's ruling could decide whether the Icelandic government will break off diplomatic relations with Britain.

Judge Emil Augustsson, the court's president, invited the British embassy to send a representative to the hearing, but no-one turned up, and no explanation was given for this non-appearance.

Thus, in view of the one-sided nature *of the court proceedings,* the Icelandic Ministry of Justice has appointed a three-man special committee to attend as official representatives of Iceland's government.

This committee, rather than the three-man maritime court, will decide whether the British Navy vessels were guilty of violating rules in such way that Iceland would be justified in carrying out its threat to break off relations with Britain.

Women reoccupy factory

Sept. 25.

WOMEN WORKERS of the Italian Feda textile factory to-day reoccupied the plant from which they had been forced by police the previous night. "We *have decided to keep on fighting,*" a union official said.

About 30 women occupied and began running the Feda plant without supervisors several weeks ago. The owners had shut the factory and discharged the 120 women workers last June on the grounds that production was no longer competitive.

Police moved in last night to seal the factory. The plant's owners had filed a suit against the women last week for illegal occupation and embezzlement.

Fearing serious legal action against the workers, the unions had agreed to the police action *and had advised the women to* leave the factory. The women surrendered voluntarily but then this *morning* they broke the police seals and re-entered the building.

The occupation is aimed at getting the company to reopen the factory and re-employ the *women who were discharged in* June, as well as proving that the alternative system of self-management can work. The women have been using cloth left in stock to produce underwear.

AP-DJ

SWISS INDUSTRY OUTPUT RISES

By Our Own Correspondent

ZURICH, Sept. 25

SWISS industrial production showed a 5 per cent. increase in the second quarter over the same *period of 1972; the improved* growth rate of the first quarter thus having continued over the second three-month term.

Oil, gas venture off coast of Greenland

By Our Own Correspondent

COPENHAGEN, Sept. 25.

THREE MAJOR international oil companies, Compagnie Francaise des Petroles and Acquitaine, of France, and Tenneco Oil Company, of Houston, have concluded an agreement with a Danish consortium with a view to drilling for oil and gas off the west coast of Greenland, it was announced here to-day.

The Danish partner is the Greenland Petroleum Consortium, which consists of nine major Danish industrial corporations.

The four companies hope that the Ministry for Greenland will invite them to tender for a concession agreement this winter and that it will be concluded in time for operations to begin in the summer of 1974.

All four groups have carried out geological surveys in the area, which has a structure similar to the Alaskan north slope and is therefore regarded with immense interest in oil circles.

The Danish Government has worked for several years on a concession system, but the proposed terms have not yet been made public although they have been discussed with interested oil companies. Officials have said however, that it will closely resemble the Norwegian system.

Mr Sven Thorsen, for the Danish group, said that the preliminary surveys had been interesting enough to make the companies interested in going ahead in spite of the great problems which they will face in the area because of drifting icebergs.

Athens students demonstrate

ATHENS, Sept 25

GREEK riot police dispersed about 500 students demonstrating in the centre of Athens to-day for the abolition of legislation threatening them with military call-up if they boycott lectures.

The police intervened when the students attacked a Government car. A police spokesman said that no demonstrators were injured or arrested.

The Greek Government has said the legislation would apply only on the recommendation of the university authorities for reasons including anti-national *conduct, disciplinary offences* imposed by a court and abstention from classes.

Reuter

EUROPEAN NEWS

...ussians put plan ...r defence cuts ... UN assembly

...OUR OWN CORRESPONDENT UNITED NATIONS, Sept. 25

...VIET Foreign Minister, ...rei Gromyko, to-day pro- ...hat the big five powers ... their current military ... by 10 per cent., with the ...going to help developing ...s.

...romyko made the pro- ... his policy speech to the ...eneral Assembly and ...t with the submission of ...l new item for inclusion ...genda of the session.

...id the Security Council's ...rmanent members—the ...itain, France, the Soviet ... and China—were the ... military spenders but ...tates with big economic ...litary potentials should ... their military budgets

...ries of Asia, Africa and ...merica that had suffered ... disasters, drought or ...hould benefit from the ...h the release of these ... funds would produce. ...gested that an inter- ...committee, including the ... and some developing ...s, administer the pro- ...nd

...e Soviet custom to come ... a new proposal or two ...Assembly agenda in the ...Minister's speech to the ...y and in the past these have often been greeted with reserve by the Western powers. To-day's proposal was dismissed in some quarters a "more propaganda" and there were serious doubts whether anything would come of it.

Mr. Gromyko's speech to-day was heavy on detente and possibly the least acerbic he has ever delivered in the UN. But he took the opportunity to reply, implicitly at least, to Western criticism of Moscow's hard-line campaign against Soviet dissident intellectuals.

SALT talks

GENEVA, Sept. 25.

SOVIET and U.S. negotiators resumed talks here to-day on a new comprehensive treaty limiting the numbers of their most destructive nuclear weapons—and agreed there were good omens for success.

The negotiators were meeting after a recess of more than three months for the first session of Strategic Arms Limitation Talks (SALT) since a summit meeting in the U.S. last June between Soviet Communist Party chief Brezhnev and President Nixon. Reuter

Lisbon bid to secure release of candidates

By Bruce Loudon

LISBON, Sept. 25.

RENEWED EFFORTS were made here to-day to secure the release of seven anti-Government general election candidates for the Lisbon constituency seized by police even before the start of the campaign.

The seven, including Senhor Jose Tengarrinha, the best-known name on the Lisbon opposition list, are being held in the Caxias jail, on the outskirts of the city. They were among a group of opposition workers (said by the opposition to number 39 in all, and by the police to total 28) who were seized when a week-end campaign motorcade touring Lisbon suburbs was broken up by the authorities.

All are now in Caxias, and access to them by their families has been denied by the authorities. A delegation led by Prof. Luis Lindley Cintra, the respected head of the Letters Faculty of Lisbon University, has called at the office of the Prime Minister to protest against their detention, and the journalists' syndicate has sent cables to several Ministers complaining about the detention of their members.

Unconfirmed reports to-day said that lawyers had been told some of the detainees could be released on bail provided that they signed a document stating they would make no political declarations in the near future. This would seem to rule out the seven as election candidates, if the conditions are accepted.

'Legally'

The office of the civil Governor of Lisbon explained to-day that the group of detainees was from the Democratic Electoral Commission (CDE) for Lisbon, but that although the commission had been registered, as is required by law, no list of candidates had been submitted to the Civil Governor. Therefore the police were acting "legally" when they broke up the motorcade and made the arrests.

Earlier an official police communiqué pointed out that the "official" campaign period in Portugal does not begin until Friday, one month before polling day, and that legally all unauthorised political activity in Portugal is banned before then.

This, of course, ignores the fact that the Prime Minister spent a busy, televised week-end obviously on the campaign trail in the north of the country whipping up enthusiasm among far-flung groups of electors and addressing a meeting of the National Popular Action, the governing "civic association," in Oporto.

This is, however, par for the course in Portuguese elections, and there is little real pretention about giving the opposition an equal opportunity to campaign.

What is rather surprising, however, is that the authorities have come down with such a heavy hand so early in the run-up to the election on October 28. True, there is supposed to be no campaigning (at least by the Opposition) before Friday. But equally it is patently clear that what the Opposition wants more than anything else is martyrdom, and by jailing such a large group the authorities seemed to be playing into the Opposition's hands.

VIEWPOINT

French: langue de frappe

BY P. MIDDLETON, EXECUTIVE DIRECTOR, LANGUAGE STUDIES

HOWEVER diverse their views on its economic and political significance, for many Frenchmen the enlargement of the European Community, involving the presence within it of English speakers, contains an indisputable threat to the status of their language, and this is something they take very seriously.

At the centenary banquet of the British Chamber of Commerce in Paris—held a matter of days before English became an official language of the Community—Prime Minister Messmer struck a conciliatory note in pleading for the "peaceful co-existence" of the two languages, but early in January the deeply-felt official hostility to English found open expression with the publication of a list of Anglo-Saxon words and phrases, more or less naturalised in business and technical French, which would no longer be permitted in the written and spoken communications of government bodies, including the State radio and television.

Solemn approval

Although written up ironically in many foreign papers, the local press—including several business magazines—greeted with solemn approval this first instalment of what is to be a continuing linguistic purge. And this is only one aspect of a campaign, explicitly a response to the aggressive inroads of English, which, with the active support both of De Gaulle and his successor, has been carried on now for well over a decade.

Nursery school

British and American observers are often baffled by the strength of French feeling on this issue. What they overlook is the success of the educational system in giving a Frenchman a sense of identity related to the possession and use of his native language. This begins in the nursery school—to which nearly two thirds of children go from the ages of two or three—and continues through the later stages of schooling. The core of Frenchness, it is widely held, is an ability to exploit to the full the subtle potentialities of the French language as a means of thought and communication. Even the producers of the recent anti-establishment documentary film *Francais, si vous saviez* thought it worth including an apparently irrelevant monologue by President Sénghor—most distinguished of honorary Frenchmen—in which he made this point with orotund authority.

As the French gather at the barricades, the question may be put: what is the nature of the threat to their language? It is, of course, true that in certain fields English has gained an absolute dominance and it would be futile to attempt to displace it (even the ingenious wordsmiths of the *Académie Française* had to admit defeat in their search for acceptable French equivalents of "hardware" and "software"). However, on a wider front, even a cursory glance at the present linguistic situation, both in Europe and beyond, makes an imminent Anglophone hegemony seem highly unlikely.

First of all, within the administration of the EEC French has consolidated a place for itself which will not yield easily to challenge. As visitors to Berlaymont very soon discover, whatever the theory may be, almost all oral communication is carried on in French, and newcomers lacking Sir Christopher Soames' facility in the language can have a difficult time. It is not surprising that some resentment of the use of French has been shown, but the movement is not towards the adoption of English in its place but of other national languages.

The signing of the agreement to set up the European Wealth Centre has been postponed twice this year following squabbles over what should be its working language. The Germans were particularly adamant that they should not be required to function in English or French, but even the Dutch were unwilling to see their language excluded entirely.

Secondly, within the business world the victorious advance of English is considerably slower than in the nightmares of the *Haut Comité pour la Défense et L'Expansion de la Langue Française*. While English is clearly more useful in Scandinavia and in the Comecon countries (Romania is an exception), French seems to be holding its own as a secondary commercial medium in Italy, Spain and Portugal. It is still widely spoken in the Middle East and is actually making progress in parts of Latin America as reflected by its expanding role in secondary school curricula. This last trend points to a flaw in the French belief that American economic dominance must necessarily be paralleled, unless vigorous counter-measures are taken, by dominance in the linguistic sphere. In fact, the reverse may be the case: when they cannot use their own language, many educated Latin Americans, ambivalent in their attitude to the Anglophone power to the North, are happier using French than English.

It is their blindness to such factors which have led the French into their curiously paradoxical behaviour in linguistic matters. Their rhetoric of resistance to English is often belied in practice. When a French company or Government organisation sends a man abroad it will usually assume that wherever he is going English will be an acceptable means of communication. But, as the British are now increasingly aware, this is not the case, especially beyond Europe where a variety of factors are lessening its acceptability. Frenchmen arriving in Brazil or Indonesia, for example, will often find their competitors from across the Channel fluent in the local language—and correspondingly more successful.

Local language

The effort to defend and expand the realm of *Francophonie* (and so to keep English at bay) has been hailed by Michel Debré as "une grande idée." But it could be argued, the whole enterprise—with its annual budget running into millions of francs—is as misconceived as its military analogue, the *Force de Frappe*. Except in certain specialised fields, the concept of a language (be it English, French or any other) retaining or gaining a world-wide *imperium* is increasingly outdated. The French must come to terms, as the British have done to an extent not always recognised, with the growing insistence in many countries on the use of the local language for business and administration

THE YEMEN

Economy survives the pressures

BY ALAN MACKIE

ON a hill near the picturesque Yemeni town of Jibla they killed a camel this summer to encourage the rains. This primitive sacrifice bore results; the rains in Yemen this year have been good, if patchy, but not sufficient to make good the damage of drought earlier in the year. Set in North Yemen's agricultural heartland close to Ibb, Jibla usually gets good rains. But this year the short April monsoon, which farmers rely on to moisten the soil sufficiently to plant sorghum, failed. Along the length of the western escarpment facing the Red Sea, this year's crop is a makeshift hotch-potch of late sorghum, or lower yielding wheat, barley or maize.

Like other semi-arid areas north of the Equator, Yemen has been suffering from a lack of rain. The indifferent crop expected this year follows a poor one last year, and for the second time in four years North Yemen faces a serious food shortage. Last year the private sector imported 100,000 tons of grain. This year the figure is likely to be 150,000 tons and the Government is appealing for a further 50,000 tons to offset the expected shortages in the extreme north of the country where there has been little or no rain for years.

6% growth

However, despite the intense inflationary pressures of having to import grains at appreciably higher prices this year, the economy is remarkably buoyant, growing at slightly over 6 per cent. per annum, and the Yemeni Ryal is strong.

There are a number of reasons for this. Undoubtedly the ending of the hostilities in 1970 after the Civil War and especially the tribal subsidies which were a huge drain on the economy, a period of relative stability since, and the laissez-faire policies of the Government have all played their part in bringing about the boom conditions which North Yemen enjoys to-day.

More specifically, the coming of peace meant a return to normal relations with Saudi Arabia whose own economic boom neatly coincided with this rapprochement. Last year the remittances of some 800,000 to 1m. Yemenis working in Saudi Arabia amounted to YR400m. by the official count (£36m.). Unofficially the figure is put anything up to YR300m. higher.

More recent is the invasion of Adenis from South Yemen who have set up shop in Taiz and Hodeidah and all but taken over the trade and commerce of these two important centres. The sudden influx of money and quickening economic activity has started a construction boom. A plethora of small shops in crude concrete has already transformed and disfigured Taiz.

Private foreign capital is being attracted to North Yemen because of the open market system operated there and liberal investment laws which allow profits to be remitted abroad. Foreign banks report booming business and are expanding their operations. The strength of the Ryal, which is freely convertible, has played its part too in stimulating trade. But the boom is still very much a surface phenomenon when seen against the realities of North Yemen's economic position, a country which in 1971 had a gross domestic product of $575m., of which agriculture made up more than three quarters, with less than 400 miles of metalled road, electricity in a handful of the major towns only, and with light industry at an embryonic stage and rudimentary hospitals and schools.

Aid needs

The country is likely to remain for the foreseeable future, heavily dependent on development aid. The aid comes in many forms—China is providing £10m. to build the Sanaa-Saada road; the United Arab Emirates is providing £7m. for various projects, the most important being the joint IBRD and World Bank educational programme. As well as underwriting budget deficits, Saudi Arabia has given substantial medical and educational aid. Kuwait and Libya have given selective assistance while Russia still has the largest investment of all, loans totalling over £32m. The UNDP and affiliate organisations are heavily involved in all aspects of development from pilot agricultural schemes in the Tihama and the Hugeriah, to the badly needed water and sewage projects for Sanaa and Hodeidah.

The development being undertaken is largely infrastructural and will take time to produce results. In the meantime the Government is saddled with development debts amounting to £99m. on June 30 of last year. Most have minimal interest rates but nevertheless servicing these debts and rescheduling them will feature large in the country's future economic planning.

Exports, of predominantly animal skins, coffee and qat, a narcotic leaf, made up a tiny YR42m. in the 1971-72 balance of payments and were dwarfed by imports of YR432m. These figures are very rough. More promising are the prospects for minerals and oil. A Mineral Resources Corporation was set up earlier this year. With the help of the RAF a systematic aerial survey of the country has been made and tenders will be invited on the strength of studies made of the photographs. As for oil, Shell has already made preliminary drillings in the Red Sea off Yemen and wants to continue; other Western oil companies are showing interest, too.

Under the auspices of the Central Planning Organisation, an organisation set up by the Government to gather statistical information, Government departments are having individual budgets prepared. The Budget was audited this year for the first time. The Consultative Assembly made full use of the opportunity to go through every item of the YR396m. allocation with a fine toothcomb. (Saudi Arabia is financing a 25 per cent. deficit with a Saudi Ryal 100m. subsidy.)

The authorities are also working on a comprehensive tax system. At present 50 per cent. of the Government's income comes from customs dues, an insecure and irregular source of income as in Hodeidah, for instance, it is not the Government but the Governor who collects the taxes. In any case many of the goods entering the country evade duty altogether. In January this year a business tax was introduced for the first time. It is a sign of the times that two or three accounting firms have set up business in Sanaa.

A big question in North Yemen's future is how far the country will be able to feed itself. After successive bad harvests it is not doing too well. Agriculture still accounts for 70 per cent. of the Gross Domestic Product and employs 90 per cent. of the workforce. On the results of a recent census, the Central Planning Organisation calculates the population at 8m. and that it is growing by around 2½ per cent. a year. Nevertheless officials are optimistic about improving food production.

For the time being the economic indicators are set fair. So long as the Yeminis in Saudi Arabia continue to remit money, development projects move on schedule, there is no disastrous food shortage and imported inflation is kept under control, the country is unlikely to feel the pinch economically. Yemeni merchants and businessmen will be able to continue to clinch their deals at their long, somnolent afternoon qat sessions without feeling that they have to move too violently with the times.

Like Popeye

Qat is the narcotic leaf which Yemenis chew, saying it makes them feel like Popeye after a tin of spinach. It is a huge and growing business in Yemen and has already made deep inroads into the coffee industry.

The Government is trying to discourage the habit since it is both time-consuming and expensive. Work has a way of stopping at midday to allow everyone a fair chance to get the best of the qat. The Government has forbidden its employees to chew during office hours and claims to have checked the increase in qat growing. Time will tell how successful the campaign will be. For many Yemenis qat is an integral part of life, much as the Englishman's pint of bitter. How hard the habit dies will be an indicator of how quickly Yemen will change.

France makes bid for Japan uranium pact

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, Sept. 25.

FRANCE has formally entered the bidding to supply Japan with enriched uranium during the sensitive period in the early 1980s when existing long-term contracts with the U.S. will become inadequate to meet Japanese demand.

According to Japanese Government sources, the French, who lead Eurodif, the five-nation European consortium for the construction of gaseous diffusion plants, have offered Japan 2,000 tons a year of enriched uranium (STU basis) in return for a long guarantee to buy from their first plant.

Acceptance of the French offer by Japan could prove crucial to the future of the Eurodif project, which is finding difficulties in persuading enough European customers to commit themselves to an economically viable size of plant—8,000-9,000 tonnes a year.

The Eurodif project is expected to decide soon on the European location for its plant, if the project is to go ahead.

However, France is only one of a number of competitors for the huge Japanese market for enriched uranium which is expected to emerge in the early 1980s. Japan is already discussing an extension of its existing contracts with the U.S. and there have been contacts with the Soviet Union. Both the French and the Russian offers to supply Japan's nuclear industry are expected to be discussed by the Japanese Prime Minister, Mr. Kakuei Tanaka during his current European tour.

Mr. Tanaka, who is visiting Paris this week, said shortly before leaving Tokyo that he regarded atomic energy as being a fruitful field for co-operation between France and Japan. However, the Prime Minister is known to be extremely concerned about the need to improve Japan's relations with the Soviet Union by expanding trade between the two countries.

Japan's reaction to the French offer of enriched uranium could have some bearing on possible Japanese purchases from a centrifuge enrichment plant sponsored by the U.K., West Germany and Holland. Japan is an observer at discussion of the ACE (Association for Centrifuge Enrichment), the body responsible for the anglo-German-Dutch project. There have been preliminary discussions in Tokyo on the prices and quantities of a possible Japanese purchase from the plant.

The two European projects for uranium enrichment, however, are not seen as being in direc competition with each other s far as the Japanese market i concerned. This is because th French project would come o stream with a much larger initi capacity than the ACE centrifug plant. The technology of uraniu enrichment by diffusion calls fo a large initial capacity—perhap 4,000-5,000 tonnes—which in tur explains the urgency of France bid to secure an advance com mitment by Japan.

The capacity of Japan's nucle power industry is projected t reach 60,000mW by the mid-1980 which would be rough equivalent to the entire existir generating capacity of the U.I electricity industry. Japan's ow plans for uranium enrichme are expected to meet a lar part of its domestic demand f nuclear fuel before the end the next decade. But Japan w not have its enrichment capaci ready in time to bridge t nuclear fuel "gap" which is fo cast for the early 1980s. A Whi Paper on Japan's energy suppli published to-day by the Minist of International Trade a Industry (MITI) predicts possible shortage of enrich uranium in six to eight yea time.

Fresh light on Tete 'massacre'

PORTUGUESE commandos gunned down about 100 African civilian in the Tete district of Mozambique last December but about 20-30 people survived and told what happened, the Johannesburg Star reported to-day.

The newspaper, in a front-page story from its "Special correspondent" in Nampula, Mozambique, said the sudden dismissal two weeks ago of Col. Armindo Videira, governor and military commander of the Tete district, had confirmed for the first time from Portuguese sources stories of a massacre at Williamo village.

"On December 16 last year Black and White troops of Mozambique's 6th Commando Group gunned down at close range about 100 African civilians, of whom 20 to 30 survived and told what happened," the Star said. "The corpses of the others were buried about one month later."

The Star added, "The Portuguese sources say it happened during a hunt for Frelino guerillas near Tete, but they have no information on the killing of a total of 400 villagers as alleged by the British missionary, Father Hastings, in a report in The Times of London which aroused an international furore over Portugal's conduct of the Mozambique war.

"Confirmation came to light after Col. Videira's departure from Mozambique for Lisbon," the newspaper said. "He was, in fact, removed from his post because whether or not he knew of the Williamo killings, he held ultimate responsibility for them as governor and military commander."

The Star said Portuguese premier Marcello Caetano had personally ordered the dismissal of the parachute colonel who was given only 24 hours to quit.

"The fact of his removal was covered by an official send-off from Mozambique as if his was an ordinary transfer," the Star went on. "He was given an official lunch in Lourenco Marques by Mozambique Governor General Pimentel Dos Santos, before going to Lisbon."

The newspaper alleged t massacre happened after t pilot of a light aircraft h landed at Tete "some time befo December 16," and complain he had been shot at from t ground. Then an army patr which went to investigate w ambushed.

"Because of this a light mi tary aircraft bombed Williar village on the morning of Dece ber 16. It is not known w this particular village amo many in the area just south Tete was selected.

"On the same day the 6 Commando Group men moved hoping to find Frelimo gueril they thought were in Willian which lies in an area whe Frelimo activity was intense the time.

"They lined up the village told them to clap their han and, as they clapped, shot th down," the Star said. "Then th poured petrol on the huts a bodies, set them alight and lef UPI.

Iraq warning to rebels

BY IHSAN HIJAZI

BEIRUT, Sept. 25.

MR. SADDAM HUSSEIN, the Iraqi Vice-President, has warned that a Chile-type upheaval in Iraq would not be allowed and declared that the revolutionary regime in Baghdad would strike ruthlessly at what he described as machinations by imperialist and counter-revolutionary forces.

Mr. Hussein spoke at the final session in Baghdad last night of meetings aimed at laying down a draft plan for the Kurdish autonomy in the north of the country.

He pointed out that what mattered in the autonomy was not new laws but mutual trust and good intentions between Arabs and Kurds. He said his Government was determined to go ahead with plans for the autonomy within Iraq's unity. In what appeared as a further desire to please the Kurds, Mr. Hussein referred to "Iraq's Kurdistan," a phrase Iraqi officials have been avoiding. "Kurdistan" is the word the Kurds have been using to refer to the areas where they want their self-rule to be.

The meetings in Baghdad, which had started early this month, were organised by the leadership of the Baath Party with the aim of formulating a draft plan for the Kurdich autonomy to be approved later by the Kurdish Democratic Party (KDP) of Mulla Mustafa Barzani. The Baathist move followed the rejection by the Government in Baghdad of the draft presented by the KDP, and which Baath Party leaders described as tantamount to Kurdish secession from Iraq.

The Government has promised to give the Kurds autonomy by next March, which is the deadline set in the 1970 agreement that put an end to a decade of Kurdish wars. Informed sources here believe the Iraqi draft may be ready by then, but whether the autonomy would go into effect is a different matter altogether. The sources doubt that the KDP will accept the Iraqi draft.

The two sides are in sharp conflict on the delineation of the boundaries of Kurdistan, with the oil-rich Kirkuk district as the focal point. The Kurds want Kirkuk to be included in the autonomy, but Baghdad refus Also the KDP has accused t Iraqi authorities of embarki on an "Arabisation programm under which Kurds we allegedly evicted by force fro certain villages to make way f Arab settlers.

Mr. Hussein, a recording whose statements was broadca by Baghdad Radio, charged th imperialism has been working schemes against the regime Baghdad since the latter natior lised Iraq Petroleum Compa last year.

Guerillas on trial

KHARTOUM, Sept. 25.

EIGHT PALESTINIAN Black September guerillas appeared before a magistrate's court here to-day to face charges of murdering three foreign diplomats in the Saudi Arabian Embassy here last March. After a one-hour sitting, the hearing was postponed to November 13.

The magistrate's court has to rule whether there is a case for sending the defendants for trial by a higher court.

The guerillas are accused of killing the American Ambassador in Khartoum, Mr. Cleo A. Noel, his deputy, Mr. Curtis Moore, and Belgian Charge d'Affaires Guy Eid in the Saudi Arabian Embassy, which was seized and held for 60 hours on March 1 to 3.

At the time, guerillas who invaded the embassy demanded the release of Palestinian commandos jailed in Jordan, including guerilla leader Abu Daoud. Jordan ignored the demand but Daoud now has been releas under an amnesty declared King Hussein earlier this mont

The eight accused, who fa five charges of murder a illegal detention, shouted "Lo live Palestine" and "Victo and glory to Palestini martyrs" as they were led in to the magistrate's court to-da People in the crowded pub gallery applauded.

One of the accused, Rizig Al Gassan, told the court: "We a proud of what we have done Reuter

● Our Cairo corresponde writes: A number of Ar lawyers have been refused ent into Sudan to attend the hearir

In a statement here to-day, M Shafik Arshidat, Secreta General of the Arab Lawye Federation, said the Sudane Embassy in Cairo had refused give visas to a number of Ar lawyers from Egypt, Syria, Ira Algeria and Palestine.

Abu Dhabi seeks new oil pact

BY RICHARD JOHNS, MIDDLE EAST CORRESPONDENT

ABU DHABI is seeking a revision of the participation agreement reached late last year with its two main concessionnaires and in particular wants to achieve a 51 per cent. majority holding before the scheduled date of 1982.

His confirmation that Abu Dhabi now expects to achieve a 51 per cent. majority holding before the scheduled date of 1982 was given in a television interview on Monday night.

It means that Abu Dhabi is the first of the three signatories of the complex participation package, which gave the States concerned an immediate 25 per cent. stake in their concessionnaires' operations, to demand its renegotiation.

However, Saudi Arabia has already approached the Arabian American Oil Company with a demand for an increase in the price paid for the "participation crude" sold back to the oil companies. The other Gulf producer which ratified the agreement was Qatar.

It is clear now that the participation agreement in its present form has little chance of survival. Following the Kuwait National Assembly's refusal to ratify it, the Kuwait Government wants a new pact giving the State a 51 per cent. share from the outset. Iraq, the other produce affected by the laborious neg tiations carried out last year wi the oil companies by Sheik Yamani, of Saudi Arabia h been biding its time awaiting t outcome of events.

Saudi Minister proposes co-operation with U.S.

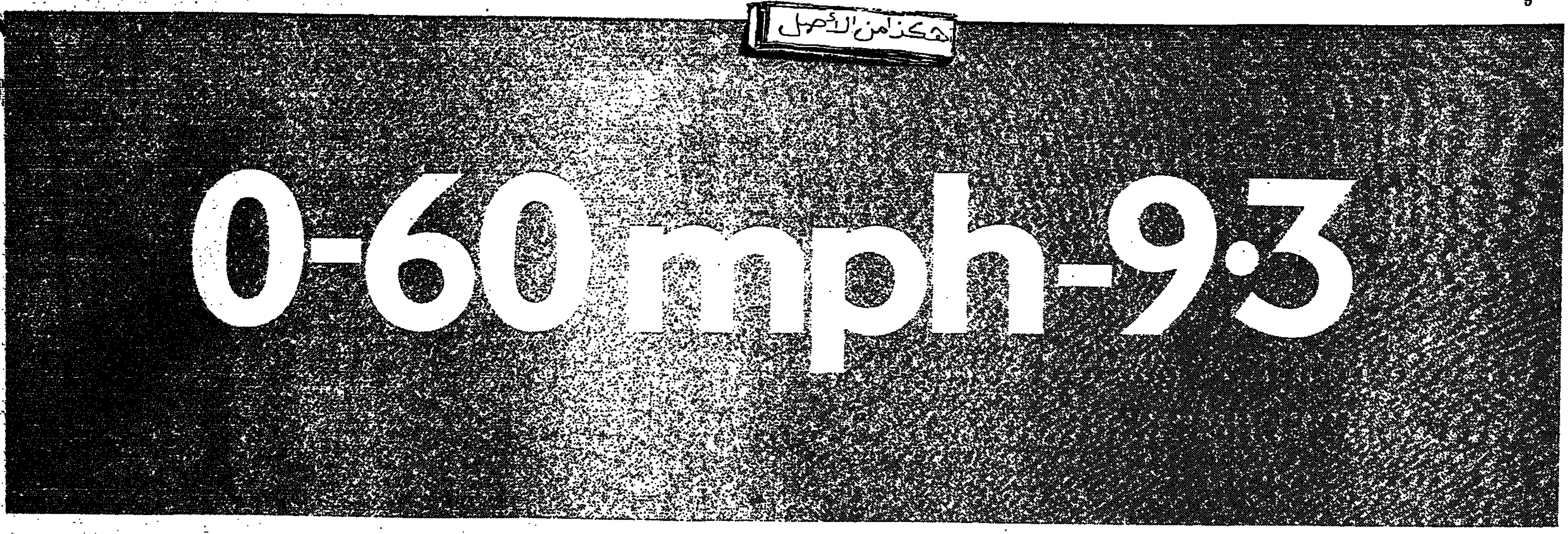
LOS ANGELES, Sept. 25.

THE SAUDI Arabian Minister of State for Planning said his Government would be willing to increase oil exports to the U.S. if the U.S. helped his country industrialise and create "the right political climate" in the Middle East.

Mr. Hisham Nazer, speaking to the Los Angeles World Affairs Council yesterday, did not specifically mention Israel when he referred to "the right political climate," but his Gov ernment has frequently criticise the close relations between th U.S. and Israel.

Mr. Nazer said it was no economically beneficial for hi country to over-produce oil.

He said oil exports to th U.S. this year would not excee 5 per cent. of Saudi Arabia's oi production. Last year Saud Arabia exported 4.2 per cent of its oil production to the U.S Reuter



It only takes a few seconds for some people to decide on a car.

Time and again, people judge—even buy—cars on the basis of their performance figures.

It isn't altogether surprising. To go by a lot of advertising, you'd think the most important things about a car were how quickly it reaches 60 mph, and its top speed.

We don't agree with this at Mercedes-Benz. There's a great deal more to consider about a modern car than its performance figures.

And a great deal more to its performance than the figures, come to that.

To show what we mean, we've got together a few snippets on the subject.

Mainly, they're from people who know and love Mercedes-Benz cars, who have driven or worked with them, in many cases, for years.

If this makes them a little over-enthusiastic at times, it also makes them well-informed. And isn't this, after all, how we should all choose our cars?

On real information. On real understanding.

Rather than just rushing into it.

0-60 in this! 0-60 in that! When can you drive a car from 0-60 in one burst anyway! Not much in the country, never in town. In any case, who's timing? Does the driver carry a stop-watch or something? Does he nudge his mother-in-law as the speedo reaches sixty and whoop, 'See that – 9.9 seconds!'

Mercedes-Benz dealer

The Merc is an extremely agile car, despite its size, on all types of road so that one can almost unintentionally put in very high average speeds. We were unable to induce a situation in which the 280E behaved unpredictably, regardless of surface or speed.

Car. Road Report on the 280E

Anyone can build a 100 mph car these days – that's nothing! Mercedes were building them seventy years ago. And look at their racing record! Look at the CIII (the Mercedes-Benz experimental sports car) – 0-60 in 4.6 seconds! Of course they could build even faster production cars if they wanted to. But why? What's the point? They're fast enough.

Mercedes-Benz dealer

I have always had a soft spot for Mercs.

Stirling Moss

The best way to sell you one is to lend you one.

Headline, Mercedes-Benz advertisement

Performance isn't just top speed. What if a car does 150, even 200 mph? Does that mean it'll hold a corner at 50 in the rain? Will it get you home in the ice and snow? Will it keep going mile after mile – and will you be able to walk when you get out of it? Performance is something a car actually does – and goes on doing – not figures on a piece of paper. In that way, I've never known any car beat my Mercedes.

Mercedes-Benz executive

We decided to incorporate 'starting torque compensation' (in the new 450 models) to prevent squatting of the rear of the car under heavy acceleration. We felt that though this rear-end dip looks spectacular, it does nothing for the comfort of the occupants or their safety.

Mercedes-Benz engineer

When you are planning your next crash, have it in a car with anti-burst door latches, a laminated windscreen, a strong passenger compartment, a padded large-hub area steering wheel, and correctly positioned head restraints.

New Scientist - article entitled 'How to survive your car crash'

- Mercedes-Benz introduced anti-burst door locks in 1948.
- Laminated windscreens are standard on all Mercedes-Benz cars.
- Mercedes-Benz patented the strong passenger 'safety cell' in 1951 and have been refining and improving it ever since.
- The steering wheel is the most fully padded one we've seen on any production car (**Road & Track**, discussing the 350 SLC). This steering wheel is standard on all Mercedes-Benz cars.
- Head restraints are standard on most Mercedes-Benz cars and an optional extra on all others.

Because of the high trade-in value of Mercedes, it's always that much easier to buy your next one.

Mercedes-Benz dealer

I've always bought a Mercedes. Why would I buy anything else?

Chartered Accountant

To buy a car because of its top speed is like buying hi-fi because of the output of the amplifier.

Advertising executive

An airline pilot knows his capabilities and his limits exactly.

He always knows what he is doing.

And what about us? What are car drivers other than pilots at the steering wheel?

Should a pilot run risks just to show us he has courage?

Then why do we?

Script of Mercedes-Benz film on car safety

Six questions to ask your Mercedes-Benz dealer (not one about performance figures)

1. Ask him about torque. Ask him why Mercedes-Benz are giving their cars higher torque values these days, rather than higher top speeds.

2. Ask him about Mercedes-Benz power-assisted steering. It's not the same as that used by most other manufacturers. It helps you retain 'road feel' even at high speeds, and on wet roads, snow and ice.

3. Ask him about zero-offset steering. How is it the car won't swerve out of line even if a front tyre bursts?

4. Ask him about central locking. As you lock the driver's door, you lock all the others. And the boot. And the petrol cap.

5. Ask him about safety. Prepare to be massively re-assured.

6. Ask him for a test drive.

Any valuable executives involved in a car crash in the 'S' Class have a better chance of walking away from the wreckage than in any other luxury saloon on sale in Europe today.

Guardian

When all the automobiles of the world are judged on the basis of their technical characteristics, their well-balanced design, their reliability and the degree of perfection by which they are meeting their function, the best automobiles in the world are probably all built by Mercedes-Benz.

Statement by Road & Track journalist

Really, you need to drive a Mercedes for about six months to realise just how good it is.

Mercedes-Benz owner

It only takes a few seconds to buy a car. It takes a few months to realise you've made a mistake.

New Proverb

Mercedes-Benz

The Mercedes-Benz range includes Saloons, Sports Saloons, Coupes and Limousines.
Mercedes-Benz (Great Britain) Ltd., Great West Road, Brentford, Middlesex TW8 9AH. Telephone 01-560 2151. A member of the Thomas Tilling Group.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● AUTOMATION

Plant control simplified

COMING NEATLY between small special control systems which can be mass-produced and computerised industrial controllers for large plant, GEC-Elliot Process Automation's new programmable logic controller unveiled for the first time yesterday, takes full advantage of the latest electronic devices to simplify the task of the control engineer.

Compared with hard-wired logic control it gets to implementation in three steps instead of seven and "programming" the read-only memories comes down to keying in instructions for them from a unit the size of a small suitcase. No paper tape or magnetic tape runs are involved and specification of what the memories are required to do is simple.

The modules which make up the PLC plug into a standard bin are interconnected by a printed circuit highway. Some of them, the input and output modules, are connected to plant transducers. The necessary logic interconnections between inputs and outputs are defined by the program held in the plug-in programmable read only memories (proms).

Applying the PLC to a specific project, an engineer retains essential control of all aspects—system configuration — logic design — commissioning and operational changes. The programming technique and the simple hardware structure puts the PLC far ahead of relay and solid-state systems, including situations where computer-control is not really justified.

Using the PLC the time-consuming transfer of information between many departments is eliminated thus reducing the likelihood of errors and reducing the timescale and cost of project implementation.

The design engineer can write the logic program, fill in the program sheets, punch the program into the read only memory store board and test out the system himself.

Manufacture of the PLC does not involve any special wiring as it is an assembly of standard metalwork — standard printed circuit modules—standard cable and terminal assemblies. The factory instruction to manufacture the hardware can be placed with minimal delay after the receipt of the system order. Modifications to the control system operation are readily achieved by modifying the control program. If a minor change is all that is necessary then there are built-in techniques. If the change is major, proms can be exchanged and input or output connections added.

A special test/monitor unit can be fitted within the PLC. This enables the engineer to step through the program and observe each operation. In the event of plant failure this unit is invaluable as it enables the maintenance engineer to speedily locate faulty areas within the plant.

To assist PLC users the company will program from an engineer's specification or program forms, or design and manufacture a complete control system. The use of standard modules in the PLC is a major contribution to holding project timescales and to avoid expensive and frustrating delays.

Typical areas of application are in the control of presses, moulding machines, transfer machines, packaging / filling machines, welding machines, palletisers, conveyor systems and in data logging among others.

The unit is made at New Parks, Leicester and has been given the designation "March 4."

First installation is expected within the next few weeks.

● EXHIBITIONS

Inventors' own show

CONTRARY TO reports earlier this year, the Inventors Exhibition will after all be held again in Brussels this year.

The exhibition will now take place at the Centre Rogier from November 30-December 9 under the new management of the Chambre Syndicale pour la Protection des Inventions—a section of the Brussels Chamber of Commerce.

The basic charge for commercial organisations and for inventors who have already marketed their invention, is about £65 including space. The private inventor with a new product will be able to exhibit for about £43.

Application for entry forms should be made to Inventors Exhibition, OEM Design, Broadwall House, Stamford Street, London SE1 9PN.

● COMMUNICATION

Message switcher in Taiwan

THE AERONAUTICS Administration in Taiwan has brought into service the first dual 6400 ADX computer-based message switching system. Supplied by the data equipment and systems division of Standard Telephones and Cables, the system is for the Aeronautical Fixed Telecommunication Network and is the first dual 6400 ADX to be commissioned in the field.

The complete installation, including software, cost about £245,000 and is located at Taipei International Airport.

Apart from its basic function of automatic message handling, the system provides many additional facilities such as automatic fault reporting, short- and long-term message storage and retrieval, and automatic processing and printout of statistical and accounting data.

Initially, the system is equipped to handle 84 low-speed telegraph lines but has capacity for future expansion with minimal addition of equipment and software.

● PROCESSES

Spraying metals

THE ASSOCIATION of Metal Sprayers has issued two Information Sheets which should be of interest to designers and users of machinery for almost every purpose.

Information Sheet No. 4: "Sprayed Coatings to provide Hard Surfaces" lists examples of the type of materials applied and includes both those used in the as-sprayed condition and also those fused after deposition.

Information Sheet No. 5: "Sprayed Coatings for Production and Reclamation of Engineering Components" is a companion document in that the processes are similar but without the emphasis on "hard," and it is more concerned with unfused coatings.

The sheets are available from the Association, free of charge, at Chamber of Commerce House, P.O. Box 360, 75, Harborne Road, Birmingham B15 3DH.

● HEATING

Boilers for heat and steam

LOW COST high efficiency, compact boilers designed mainly for use in large building blocks, factories, hospitals and hotels and introduced by B. and E. Boilers, of Easthampstead Road, Bracknell, Berks., are available in twelve sizes from 1 million to 6.83 million Btu's per hour (300 to 2000 kW), and are suitable for firing with gas, oil or dual fuel.

The Windsor boiler is an all-welded cylindrical mild steel unit of a three pass reverse flow furnace design, completely insulated, clad in sheet metal, and fully packaged on a two cradle base.

Particular features include a return water distributor which minimises internal temperature differences, easy access to the burner control and furnace, and a hinged front door which allows complete access to furnace, tube ends, and nozzles for cleaning and maintenance.

This boiler is capable of consistent operation at gross thermal efficiencies of 80-82 per cent. A complementary Windsor range, suitable for steam applications, in twelve sizes from 990 to 6600 lb/hour (450 to 3000 kg/hour) is also available.

● TELEVISION

Analyses distortion

CONTINUOUS ANALYSIS of distortion introduced into up to 21 television picture signal parameters by the transmission chain is provided by a Philips insertion test-signal analysis system introduced by Pye Unicam of Cambridge.

Known as the Philips PM 5578, the system is intended for use primarily in TV switching centres, transmitter stations and by broadcast authorities. It can be employed equally well with monochrome and colour systems, and its measurements conform to anticipated EBU standards.

The system is designed to meet the growing demand for "in transmission" analysis of TV picture signal sources, such as studio equipment and transmission lines. It basically analyses distortion introduced into test signals that have been inserted into the picture signal at the program-signal source, video-switching centres, or transmitters. These insertion signals are then extracted from the picture signal further along the transmission chain and permit analysis of any type of distortion introduced.

● COMPUTERS

Big network continues to expand

CRC is opening its latest regional office in Glasgow on October 1. The CRC Group—Cybernet Time Sharing, SCAN and Cybernetics Research Consultants — already has offices in Manchester and Birmingham as well as headquarters and computer complexes in London and Slough. The Glasgow office, in the city's commercial centre at Blythswood Square, is the first in a planned series of nine new offices.

These offices, decided on by CRC 18 months after going to Manchester and Birmingham will complete a national service.

The basis of this regional policy is a greatly extended multiplexing network. CRC has now placed an order with the Post Office for 1,532 miles of high-speed data lines which will provide 26 separate circuits in a country network.

Based on Case ADS 670 time division multiplexers, the network will provide dial-up facilities at 13 centres. A total of 195 dial-up telephone ports will be available into the Group's Sigma 9 and Univac 418 computers. Added to this they already have 134 private lines direct to customer premises, totalling 4,500 miles, which will link into the network. When complete this will be the largest commercial time division network in Europe, to be completely installed by July 1974, when each centre will be supported by a local CRC office.

● CONSTRUCTION

Four new drilling rigs

PILCON ENGINEERING of Basingstoke, a member of the Costain Group, has unveiled four new drilling rigs for use in site investigation and foundation engineering.

All the Pilcon rigs may be used with a "down-the-hole" hammer and in addition, they are capable of wash boring as well as dry boring, making them suitable for operation in Canada, Australia and the U.S.

The Traveller 25 is a hydraulically operated rig of modular construction giving a wide range of layouts enabling it to be supplied to individual requirements. It can be skid or trailer mounted powered by a Petter BA2 lightweight diesel, or it can be mounted on a light truck and driven either by its own engine or, in a simpler version, by the truck power take off.

The Pilcon Wayfarer PW750 is a portable percussive site investigation rig fitted with 750 kg winch units operated through a hydraulic clutch. It is aimed to satisfy the demand for a much lighter and less expensive unit for purely percussive drilling on difficult sites.

The Pilcon Wayfarer PW1500 is basically a larger version of the 750 which will accept hydraulic take off for driving a wide range of attachments such as diamond coring units, penetrometer, pacing rotator, etc., thus making it a complete site investigation system.

The Pilcon Ranger, although it looks like a Wayfarer, has more power and controls built into it. It is claimed to be ideal for wash boring, down-the-hole hammer work.

● METALWORKING

Cuts cost of stamping

A NEW concept in the pressing of circular metal stampings offers cost and material savings over traditional production methods of up to 16 per cent. For example, steel drum makers can get up to 12 per cent. more drum ends per ton of steel sheet.

The technique has been developed by Moon Brothers of Beaufort Road, Birkenhead, one of Europe's largest manufacturers of drum, can and silencer-making machinery and special purpose, automated sheet metal working equipment. It offers substantial cost advantages which can be applied to a wide range of industries, where quantity production is required of items which include hub caps and wheel trims, domestic holloware, components for domestic and industrial appliances such as washing machines, and drum ends.

The development is based on the idea of using coil stock of a width to permit staggered blanking, instead of using sheet material. Staggered blanking minimises waste material giving cost savings of as much as 12 per cent., depending on blank diameter and coil width. Buying coil instead of sheet gives a cost saving of approximately 4 per cent. and, at the same time, output is increased and labour content per item produced is reduced.

Moon Brothers has developed two approaches. In the first, which is suitable for blank diameters of between 12.40 inches and 25.66 inches, a new press is used. The model IP is a 200 ton, double crank, single geared mechanical power press with air clutch and brake, producing a single blank at each stroke at rates of between 16 and 22 per minute.

Coil is fed from a decoiler unit through a roller leveller into a loop pit and is drawn into the press using a new type of automatic gripper feed, the model ID. This feed is moved from side to side and forward after each stroke of the press, by a simple crank arrangement to give staggered blanking of two discs. Movements of the feed are completely positive and a special anti-back lash device ensures accurate positioning of the coil under the blanking die permitting minimum scrap width and constant feed accuracy. The feed grips are air operated through a mechanical linkage giving an extremely powerful and accurate grip. A spray nozzle provides localised lubrication on both sides of the sheet in the cut and draw area.

A second approach, designed for smaller stampings of between 6 inches and 17½ inches diameter, produces scroll-cut sheets which permit the subsequent pressing of three or more discs from each coil width, depending on the blank diameter and coil width. A newly-developed machine, the model LS scroll shear, is used in conjunction with a gripper feed, motorised take-off conveyor and a new double station stacker for uninterrupted off-take of the scroll-cut sheets.

● ENVIRONMENT

Keeping the pitch green

TROUP BYWATERS and Anders, consulting services engineers, have designed a new pitch irrigation system for the Stamford Bridge grounds of Chelsea Football and Athletic Club as part of the First Division Club's stadium redevelopment plans.

The system is likely to be fully operational by the end of this winter, in time for the ensuing drier months—the period most critical in maintaining optimum pitch condition.

Basically, the irrigation system comprises a series of slim, cylindrical units each fully recessed into the turf and each embodying a "head"—housing twin nozzles—that is raised from the unit some 60mm from the surface. Raising is achieved by the pressure of water, the same pressure resulting in the "head" spinning to provide a sufficient spray distribution of water over the pitch.

Distribution pipes will be positioned 800mm below ground level to avoid any freezing or the need for a draindown system, while overall control of the irrigation system will be from a remote control panel.

Portable fabric dams

A PORTABLE fabric dam, whose design is based on hovercraft skirt techniques, could be an answer to the problem of maintaining constantly fresh, deep water in which fish can flourish and breed.

The dams are being installed by the Flexible Structures Division of John Hudson (Birmingham) under licence from the National Research Development Corporation. Known as the "Portadam," each dam consists of a simple array of steel-T-pieces, covered with a coated fabric.

Hard-pressed as the River Boards are by pollution and other problems, they do their utmost to maintain waters in optimum conditions for fish to flourish and breed.

Mr. A. S. Grater, Deputy Fisheries and Pollution Inspector of Avon and Dorset River Authority, commented: "We have had quite serious problems on the River Allen. This is a small chalk stream holding a very good head of brown trout but in recent years the water has fallen to a very low level during the summer months. This has occasioned quite a lot of complaints from the owners of these valuable fisheries. To try to help them out of some of their difficulties the Authority has installed seven Portadams over a distance of three or four miles.

"The dams appear to be very effective in that they give a very nice holding pool on the upstream side and a healthy flow of oxygenated water on the downstream side."

The dams can readily be transported and installed in a few hours by unskilled labour without any preparation of the site and removed later so as to leave no trace behind.

Further information from John Hudson (Birmingham), Flexible Structures Division, 3, Armstrong Lane, Brockenhurst, Hants.

ARDENS TODAY

'lowers with long seasons

ROBIN LANE FOX

MALLER the space in a the better the use it ake of its time. So often rs choose a cherry tree only feature for a small rden, yet a cherry tree's is scarcely longer than

nention of a name like chier Canadensis would iost gardeners shy away but this ordinary small nown as the Snowy s (one obscurity after) is to my mind better an a cherry, though it ver been popular. A f small white flowers, a favourable year, then autumn colour, equal brightest of Canadian Now, we all like our erry-trees better, prob- the mistaken hope that it one day eat its fruits. ought to judge a plant season, not only by its ociations.

it study

usiness of time can only ight only by patient and study. Gardeners can no guide or book for th of any one flower's the Swedish botanist s did once plant a gar- the model of a clock a different flower would each hour of the day experiments have never ended more usefully, ses, Evening Primrose t beautiful annual, the of Peru, were all part wede's clock garden but them retains its flowers e than two days. Back personal observation. are broad differences re as well to consider. y when arranging a herbaceous plants. If ded a true blue flower, inches or two feet high. t you would pick that k Veronica called True ich belongs with the heaviest and most luxuriant June evening. In a week, the whole of its flower spike has dropped its petals, the lower ones falling before the top has had time to open. It leaves a boring clump of plain green for the rest of the season.

Long lasters

Not so the bright blue perennial Flax, called Linum Narbonnense; this is a slender spidery plant which I associate with spidery sandy gardens, but its lovely flowers keep opening for three successive months and its thin stems do sway gracefully in the wind. More value, here, than in the true blue Veronica, and if you enjoy dead-heading, the anxious gardener's best therapy, as much as I do, then the flax will respond to your efforts by lasting even longer.

On the further edges of the blue spectrum, the area I call nurserymen's blue, there are some conspicuous long lasters, three of which I would not be without. Instead of the common purple border Salvia, the gardener who prizes time should plant the smaller form called May Night which begin to flower in May, stops in July for dead-heading, then starts again from the axils of the leaves in August.

Or he could consider a slate-blue Campanula called Burghaltii, also about two feet high and my plant of the year so far: this abundant and obliging plant will delight you with hanging tube-shaped flowers of this sociable colour from June till late August. Only a pale mauve-blue Penstemon, pinkish in the bud and round the mouth of its tubular flowers, can outdo this: the ordinary Azureus form lasts as long as any and responds to dead-heading from mid-May right through the summer.

The whole Penstemon family, not so tender as timid gardeners suspects, should be well-presented in a long-lasting border: I could imagine an easy front grouping of a reddish Penstemon called Firebird whose flowers, like all products with a name insistent on their merits, are not really as fiery as you might think, combined with the prettiest of the smaller wild Geraniums called Buxtons Blue which is looking its coolest and clearest at the moment after a summer season of interest. Very different, of course, from the bright mauve purple Cranesbills of June, such as Geranium Grandiflorum, which have nothing to promise now except the reddish autumn tints of their dying leaves, gay though this neglected feature can be.

Away from the blues and purples the long service medal must surely go to a free-flowering white Viola called Cornuta Alba which is the answer to almost any gap or doubt. Its mauve form is not to my taste, but the white one, even in shade, can be left to trail between clumps of more solid favourities or even trained over a short-lived neighbour, an Oriental Poppy, for example, which makes such a fuss and bother with its opulent flowers for one week only, then collapses into black fly, shrivelled leaves and unforgiveable ugliness.

The Viola, which begins in May, will still be going strong with a second burst in autumn: you can cut it back, haul it up to a height of a foot or two or leave it flat to seed itself and multiply, though it is not an annual. Grouped near the green flowered Corsican Hellebore whose flowers will often last from January to April, it gives you a point of interest on which you can rely for most of the year.

Choice to make

There is much more to be said, noticed and practised here, from such elementary advice as the fact that double flowers generally last longer than single flowers to the complicated effects of weather and latitude on the season of any one flower. It seems to me, for instance, that purple and blue mauve flowers tend to last longer, perhaps because they are visited by bees, above all, for pollination; it also seems that the longest lasting flowers are not always the most beautiful, for a worthy Penstemon can never compete with a bright blue and brief-lived Chilean Crocus. A gardener has to choose, often between brief beauty and long service, but he must be aware that the choice is there to be made.

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INTMENTS

xecutive changes Stone Platt

G. Buckley, the finance of STONE PLATT INDUS- s been appointed to suc- F. G. Smalley as director xtile machinery division irman of Platt Inter- from January 1.

t date, as already an- Mr. Smalley will suc- F. G. Hawkings as director and chief of Stone Platt and Mr. will become chairman ssion to Sir Stephen ho is retiring from the

A. Graham, president of tly acquired Saco-Lowell on, has been appointed one Platt Board.

★

hn T. Bett, director of and marketing of United Kingdom, is he Bowater Corporation up an appointment as of PANEL COM- from October 1

★

dney Redman has been Director General of the TRADE FEDERATION his retirement from the eputy Under Secretary of State (Navy) at the Ministry of Defence. He takes up his new full-time appointment on October 1

★

Mr. R. W. Ross, director of the LIFE OFFICES' ASSOCIATION, is to retire at the end of the year after over 25 years as chief executive. Mr. T. H. M. Oppe will become secretary-general and Mr. B. R. Chandler will be secretary.

★

Mr. A. C. Lochhead and Mr. H. Godfrey are retiring from the Board of COATS PATONS at the end of this year and on February 28 respectively.

From the beginning of next month Mr. W. R. Henry is to be a director of Coats Patons (U.K.), Mr. R. A. Payn a director of Pasolds and Mr. C. J. Wanford, managing director of J. and P. Coats (U.K.).

On January 1, Mr. C. Michael Bell will become managing director of J. and P. Coats Ltd. and Mr. W. A. Bidgood joins the Board of Needle Industries Group.

★

Mr. Robert Lockwood has been appointed assistant to the managing director of VAUXHALL MOTORS. Mr. Lockwood has been associated with General Motors since 1959 and in 1968 became manager of planning and development for General Motors overseas operations in New York.

★

Mr. R. L. Harrington has been appointed a managing director of EDWARD WEBB AND SONS (WORCESTER) to assist Mr. A. G. Foley, the present sole managing director.

★

Mr. David Black and Mr. John Ford have been appointed directors of the LONDON MERCANTILE GROUP. Mr. Black was formerly a director of Burston and Texas Commerce Bank and Mr. Ford is the manager of London Mercantile Corporation

EDOUTE—ROUBAIX

for the first six months of /1974 financial year of La A. amounted to Frs. 606.54 including tax, as against 01 million for the same 1972/1973, representing an of 5.12%. The increase in rnover for the same period 61%.

olidated turnover for the Group, including tax, to Frs. 717.72 million for x months of the 1973/1974 ear, representing an increase as compared with the same previous year.

illiam G Hogarth lives on page 13.

Hogarth lived and worked in ondon, and had a studio in hiswick. He died in 1764, aged 67, nd is buried at Kew.

Today, his self-portrait 'The ainter and his Pug' appears in olour on page 13 of this newsaper, as one of a series of paintings eing reproduced for you by loyds Bank.

With 'Landscape' by Paulus otter, 'St Pancras Hotel and tation from Pentonville Road' by ohn O'Connor, and 'Old Battersea ridge' by Whistler, it forms a ortfolio of fine art prints which ill be sent to you free of charge if ou write to:

Head of Public Relations, loyds Bank Limited, Head ffice, 71, Lombard Street, ondon EC3P 3BS.

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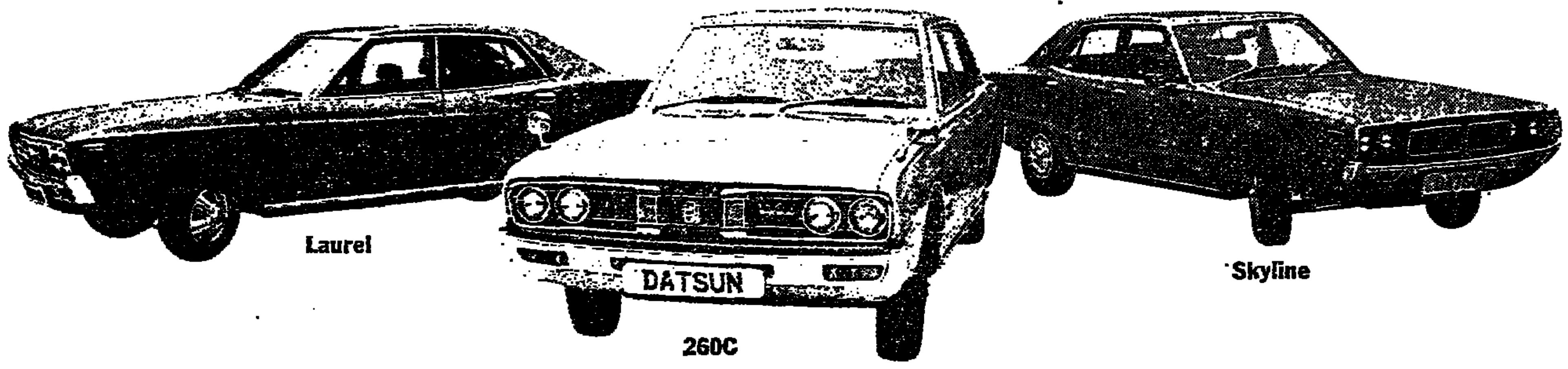

Chosen carefully for the British market, from more than twenty luxury saloons produced by Nissan-Datsun in Japan, there are three distinctively different models in the new Datsun executive range.

They are the Laurel, the Skyline and the 260C. All of them lean, handsomely designed cars offering high standards of comfort and luxury.

Both the Skyline and the 260C have 6-cylinder engines derived from Datsun's famous 240Z sports car. An advanced design which has proven its reliability in many international competitions including three outright wins in the tough East African Safari Rally.

The Laurel's engine, a robust 2-litre, is another very reliable Nissan unit developed from much intensive engineering research and experience.

And complementing the reliability of the cars there are surprisingly low running costs.

No matter what your needs are in the luxury car market, one of the Datsuns will suit them perfectly.

If you're a family man looking for a spacious, comfortable saloon (100 m.p.h.) then the Laurel is probably for you. Should you prefer a sporting saloon, then the Skyline (115 m.p.h.) is a car to give you all the enjoyment you're looking for.

Then again, if you have chairman-like tendencies, Datsun's limousine, the 260C, will more than take care of you (even at 105 m.p.h.).

One way and another you won't find any other cars in the class to match the new Datsun executive range.

Because apart from their very businesslike prices, you will find an enormous list of equipment built into every car (and its price) that adds real emphasis to the claim that the new Datsuns are truly luxury cars.

So if you are a successful businessman with standards to keep up, check out the specifications below and then see your nearest Datsun dealer for the complete story.

The Datsun Laurel: a large, comfortable, luxuriously equipped family saloon.

2 litre engine, 114 b.h.p. (S.A.E.), 100 m.p.h., 26 m.p.g. on 3-star petrol.

Equipment:

Full flow heating and ventilation with 3 speed blower.
Adjustable reclining front seats.
Adjustable head restraints.
Dual circuit, power assisted brakes.
Front disc brakes. Rear brake anti-lock valve.
Long life cooling system with anti-freeze.
Radial ply tyres.
All round tinted glass. Metallic paint.
Central fuse box.
Anti-roll bar.
Electric screenwash. 2-speed wipers.
Alternator.
Steering lock. Locking fuel cap cover.
Burst proof door locks.
4 headlights. Reversing lights.
Hazard warning lights. Ignition keyhole light.
Self sprung boot lid. Boot light.
Interior bonnet release.
Side indicator repeaters.
Grab handles and padded armrests.
Centre console armrest with glove box. Coin tray.
Lockable glove compartment. Trip recorder.
Handbrake warning light.
Safety breakaway rear-view mirror.
Push button radio.
Zone-toughened windscreen. Heated rear window.
Anti-glare dash.
Cigar lighter. Electric clock. **£1,799**

Automatic transmission available as an optional extra on the Laurel 2000L saloon, Skyline and 260C. All prices quoted include car tax and V.A.T.

N.B. All performance data is based upon Factory Test figures and Road Tests published by Motoring Journals and National Newspapers. Owing to Datsun's programme of development and improvement, the specifications of Datsun cars are liable to change without notice.

The Datsun Skyline: for sports car performance in a luxury saloon.

2.4 litre, 6 cylinder engine, 130 b.h.p. (S.A.E.), 115 m.p.h., 25 m.p.g. on 3-star petrol.

Equipment:

Full flow heating and ventilation with 3 speed blower.
Adjustable reclining front seats.
Adjustable head restraints.
Dual circuit, power assisted brakes.
Front disc brakes. Rear brake anti-lock valve.
Long life cooling system with anti-freeze.
Radial ply tyres.
All round tinted glass. Metallic paint.
Central fuse box.
Anti-roll bar.
Electric screenwash. 2-speed wipers.
Alternator.
Steering lock. Locking fuel cap cover.
Burst proof door locks.
4 headlights. Reversing lights.
Hazard warning lights. Ignition keyhole light.
Self sprung boot lid. Boot light.
Interior bonnet release.
Side indicator repeaters.
Grab handles and padded armrests.
Centre console armrest with glove box. Coin tray.
Lockable glove compartment. Trip recorder.
Handbrake/low brake fluid warning light.
Safety breakaway anti-dazzle rear-view mirror.
Push button radio. Laminated windscreen.
Heated rear window with warning light.
Cigar lighter.
Electric clock with second hand.
Fully independent suspension.
Adjustable steering column.
Rev. counter. Ammeter.
Stainless kick plates on all doors.
Map pockets (behind front seats).
Driver's door mirror. Glove compartment light. **£1,997**

The Datsun 260C: the top car for the top executive.

2.6 litre, 6 cylinder engine, 140 b.h.p. (S.A.E.), 105 m.p.h., 21 m.p.g.

Equipment:

Full flow heating and ventilation with 3 speed blower.
Reclining front seats. Height adjusting driver's seat.
Adjustable head restraints (front). Fixed head restraints (rear).
Dual circuit, power assisted brakes.
Front disc brakes. Rear brake anti-lock valve.
Long life cooling system with anti-freeze.
Radial ply tyres.
All round tinted glass. Metallic paint.
Central fuse box.
Anti-roll bar.
Electric screenwash. 3-speed wipers.
Alternator.
Steering lock. Locking fuel cap cover.
Burst proof door locks.
4 headlights. Reversing lights.
Hazard warning lights. Ignition keyhole light.
Interior boot release. Self locking boot.
Self sprung boot lid. Boot light.
Interior bonnet release.
Side indicator repeaters.
Grab handles and padded armrests.
Centre console armrest with glove box. Coin tray.
Lockable glove compartment. Trip recorder.
Handbrake/low brake fluid warning light.
Safety breakaway anti-dazzle rear-view mirror.
Push button radio with station control for rear passengers.
Twin horns.
Laminated windscreen.
Heated rear window with automatic time switch.
Anti-glare dash. 2 Cigar lighters.
Electric clock with calendar and sweep second hand.
Electric aerial.
Low fuel warning light.
Map pockets (behind front seats). Map lamp.
Safety step lights on rear doors.
Wing mirrors. Centre armrest for rear seats.
Stop light failure warning device.
Collapsible steering column.
Under bonnet light. **£2,289**

NISSAN NISSAN MOTOR CO. LTD.

Datsun U.K. Limited, Datsun House, Worthing, Sussex. Tel: Worthing 204441. London Showroom: Datsun Baker Street, 66 Baker St., London W1. Tel: 01-487 4827.

EEC not an election issue —Heath

By John Bourne, Lobby Editor

MR. EDWARD HEATH, The Prime Minister, said last night he did not think the Common Market would be an issue at the next General Election. The rest of the world would think "we've gone out of our minds" if Britain quit the Common Market, he added.

Mr. Heath was being interviewed at Downing Street by eight Scottish schoolchildren who had reached the final stages of a competition organised by The Scotsman newspaper and Scottish TV.

He said in the TV programme that he thought that it was accepted by the British people that "we are a member of the EEC and we are going to stay."

Asked if, should economic necessity make it seem desirable to withdraw from the Market, he would consider taking this step, he replied: "I certainly would not. Those who said our economic problems arose from joining the Market could not have been more wrong.

"The problems we have are the problems of an expanding economy and adjusting ourselves, our industry and the skills of our people to keep that expansion going." Membership of the EEC could help this.

It was clearly emerging, he said, that Britain was playing a major role in the Market.

Kosygin's Belgrade visit going well

By Aleksander Lebl

BELGRADE, Sept. 25.

SOVIET Prime Minister Kosygin, who is on a six-day visit to Yugoslavia, continued his talks to-day with Prime Minister Bijedic while working groups of Yugoslav and Soviet experts discussed various topics, mainly in the economic sphere, and prepared proposals to be submitted to the Premiers.

Few details have been released but the general impression is that the talks are going well.

Mr. Kosygin and his host have noted with satisfaction the uptrend in trade and expressed the wish to advance economic co-operation and all other forms of contact.

Later this week Mr. Kosygin will meet President Tito at his seaside residence at Brioni.

BBC trading side makes £1.25m. profit

BY ARTHUR SANDLES

BBC ENTERPRISES, the Corporation's merchandising and sales organisation, which began full operation in the wake of the BBC cash crisis and criticism of a lack of commercial awareness, made nearly £1.25m. net profit in the 12 months to June 30. It looks like making much more in 1973/74.

This was made clear yesterday by Mr. Peter Dimmock, the recently-appointed general manager. Mr. Dimmock outlined plans for the coming year which, apart from normal sales and merchandising activities, will include a rush release of a stereo record of the forthcoming Royal Wedding.

Mr. Dimmock displayed the BBC's new commercial attitude by having a gentle dig at his main ITV sales rival, Sir Lew Grade, chairman of ATV. He said that according to BBC calculations ATV did not match the BBC's 20 per cent. return on the gross in terms of sales.

Sales of programmes are the biggest source of revenue for the corporation. Big money spinners in the year 1972/73 were War and Peace (£300,000), The Onedin Line (£200,000) and Elizabeth R (£170,000). Total "Enterprises" revenue was £4m.

U.S. deal

Main selling agent for the BBC in the U.S. is the American Time Life group. Mr. Dimmock pointed out that the Time Life deal is being renegotiated on "more favourable terms." Although he would not be drawn further it would not be surprising if the Corporation was seeking a more precise setting out of the percentages of sales each side receives gross rather than the present flexible arrangement.

He was more forthcoming about record plans. The BBC is about to sign a two-year "experimental" record distribution deal with Polydor. The company will manufacture and distribute all BBC record products.

The wedding disc will be released under the title Music For a Royal Wedding. It is hoped to have it in the shops on November 19. There will be exclusive pictures of the couple on the record sleeve.

Tribology Gold Medal for Professor Blok

BY ELSBETH GANGUIN

PROFESSOR HARMEN BLOK, of Delft Technical University, has been awarded the 1973 Tribology Gold Medal, the Institution of Mechanical Engineers announced yesterday.

The professor, who is renowned for his work across the spectrum of friction, wear and lubrication, was chosen because of his "outstanding contribution to tribology research application and teaching."

The Tribology Gold Medal is the main award under the Tribology Trust, which the Institution of Mechanical Engineers established in 1969. The Duke of Edinburgh as its patron has sent a message to the first European Tribology Congress in London this week.

Sponsored by nine learned societies from five European countries, the congress has attracted nearly 500 delegates.

"The pioneering technologies were concerned with the introduction of radically new machines and techniques," the Duke said in his message. "Efficiency and reliability were not overriding considerations in the days when it was a major achievement to get the systems to work at all.

"To-day the position is quite different, the mechanisation of our civilisation is virtually complete. Therefore, the essential consideration now is improvement, to the smallest details in every respect of research, design, manufacture and maintenance, and therefore, the technologies involved in these functions, of which Tribology is one of the most important, have become the new leaders in industrial development.

"It is becoming increasingly apparent that the world must use its limited resources as wisely and as effectively as possible. It is obvious that we can no longer afford waste of material or wasteful practices," the Duke declared.

Luxury Cortina at £1,638

By James Ensor

FORD MOTOR, which in the past has achieved considerable market success with its "executive" versions of basic models such as Corsair and Cortina E, has now introduced a luxury version of the current Mark III Cortina.

It is the Cortina 2000E, which at £1,638 including tax and delivery, offers such extras as a radio, wooden dashboard, vinyl roof, cloth upholstery and sporting wheels. It is distinguished from the more basic Cortinas, externally, by the vinyl roof, body side mouldings and special badges.

Ford has also made a number of improvements to the standard Cortina, currently Britain's best-selling car. The ride and [illegible] tion have both been improved, and better sound insulation [illegible] made the new cars quieter. A single overhead camshaft engine, giving greater power, has been adopted for the 1600 cc saloons and estates, and both 1300 cc and 1600 cc models are equipped with a new close-ratio gearbox.

Sir William Batty, chairman of Ford, introducing the 1974 models, said: "The Cortina has been Britain's best-selling car for almost two years, and our market research shows that customers still regard its styling and interior space as being the best in the class.

"We have therefore concentrated on building-in the many engineering improvements that we have developed since the car was launched three years ago."

Grove Allen to double crane output

GROVE ALLEN, the Cowley engineering company, yesterday announced a £1.5m. expansion scheme which will double its output of hydraulic cranes by the end of 1974.

The plans include a new assembly shop at Cowley and a new depot at Bicester, near Oxford. The light engineering division, which produces grass cutting and other horticultural equipment, will be transferred to a new site at Didcot and taken over by an independent company, Allen Power Equipment.

The expansion will create more jobs at the different plants. The Cowley factory will concentrate its production on cranes which are to be exported in Europe.

Red Arrow buses to be replaced

BY ELSBETH GANGUIN

LONDON TRANSPORT is planning to replace buses on its Red Arrow routes with vehicles less difficult to manoeuvre in heavy traffic. The new buses will probably be one-man operated double-deckers.

The single-deckers in operation on the eight Red Arrow routes in central London are 36 feet long, the maximum permitted when they were introduced a few years ago. Other London Transport single-deckers are only 33 feet long, while the double-deckers are 31 feet long.

London Transport said yesterday that experience had shown that the long Red Arrow vehicles were unsuitable for their task—"they are too clumsy"—but it was emphasised that the service had proved a great success.

When the one-man operation was started, it could not use double-decker buses. Now the law had changed, and, although it was not yet definite, the replacement buses would probably be double-deckers.

Most of the buses ordered under the £15m. replacement programme are, in fact, double-deckers.

The decision comes 11 months after the London Transport recommendation to the Greater London Council that the conversion of buses to one-man operation on the busiest routes serving inner London should be halted

It was said at the time that the main stumbling block was the large number of passengers boarding a bus at a stop in central London, many without the exact fare, which had resulted in a poorer standard of service than on two-man buses.

In Liverpool yesterday Mr. Edward Deakin, general manager of Bradford City Transport, told the annual conference of the Association of Public Passenger Transport Operators that it was to be hoped that local authorities would take positive action on public transport before it was too late.

Mr. Deakin was referring to the second report of the Government's expenditure committee on urban transport planning, which advocates restriction of private cars in cites and towns, and the development of subsidised public transport.

The public service vehicle was the most economical user of road space, and the report had spelt out only what operators had been saying for a long time, added Mr. Deakin.

Train crash report urges closer track inspection

CLOSER INSPECTION of rail tracks could locate fatigue cracks of the sort which caused the derailment of a King's Cross to Edinburgh express at 82 mph in May last year, according to a report published to-day.

Prepared by Lieut-Col. A. G. Townsend-Rose for the Department of the Environment, the report says that the leading coach of the train was derailed at a point where both fishplates were broken at a bolted joint in the rail.

The train was derailed at Chathill, 46 miles north of Newcastle-upon-Tyne, causing minor injuries to three people.

"The track disintegrated under the train as the coaches dug into the ballast and the train came to a rest obstructing both lines with only the locomotive on the rails," the report points out.

In his remarks and recommendations, Lieut-Col. Townsend-Rose says: "Pulse-echo rail flaw detectors are not capable of detecting vertical cracks in fishplates. The responsibility must rest with patrolmen and supervisors to find such cracks before complete failure occurs."

He notes that "inspection is normally made from a standing position, because to bend down to examine closely without look-out protection can be a dangerous practice."

This may have been the reason why the fatigue cracks, which ultimately led to the failure of the fishplates, went undetected. Nor were they noticed when the fishplates were oiled only 33 days before the accident.

The report recommends that "joints in short closure rails in plain line track on known poor formation should, every four months, receive a detailed inspection by patrolmen and pulse-echo operators, accompanied by a look-out man if necessary, until the rails can be replaced by continuously welded rail."

It commends the driver, Mr. C. C. Rankine, for the speed with which he placed a warning signal on the opposite line.

BR, container industry in 'forum' committee

BY JAMES McDONALD

A JOINT COMMITTEE on privately owned containers, has been formed to act as a forum for discussion between British Rail and the container industry.

Establishment of the committee is a result of the rapid increase in containerisation. Since 1971 the number of freight containers which BR carries annually has increased by 28 per cent. The total will reach 650,000 in 1973.

The committee will consider all technical and operating matters, and commercial implications of rail containers within the U.K., as well as rail and seaborne containers between the U.K., Eire and Europe.

It will also review existing, and any proposed, technical requirements for construction and maintenance, international regulations, registration, customs procedures, claims procedures and insurance requirements.

On one side the committee will represent the container industry, including owners and other users of containers, such as operators, lessors, manufacturers, container repairers, and the Institute of Freight Forwarders. One the other side will be the BR Board, Freightliners, and BR Shipping and International Services division.

Feasibility talks on Merseyside rail terminal

BY OUR OWN CORRESPONDENT LIVERPOOL, Sept. 25.

JOINT TALKS are being held between interested parties on the feasibility and costs of building a rail freightliner terminal beside the £50m. Royal Seaforth Dock on the Mersey.

This was confirmed to-day by the Mersey Docks and Harbour Company, following publication of a report by the Royal Town Planning Institute about the part Royal Seaforth could play, now Britain has entered Europe.

The report said that the new container terminal could enable Liverpool to function as a "Europort," serving large populations on both sides of the Channel.

A docks company spokesman said new facilities would obviously be needed to exploit the potential when all the factors were right, but Liverpool at present had the capability of handling deep sea traffic to and from any European port.

In the planning of Seaforth, however, provision had been made for a freightliner terminal and discussions were taking place on the feasibility and overall costs.

Twin-propeller SRN6 hovercraft launched

THE British Hovercraft Corporation yesterday launched its first twin-propeller prototype SRN6 Mk. 6 at East Cowes, Isle of Wight, for development trials at sea.

The twin low-speed propellers, thel Corporation claims, will reduce noise and increase directional control power. The noise reduction expected is because the propeller-tip speed will be half that of the present SRN6 craft. Increased control power is achieved by the side-by-side arrangement of the propellers and the use of differential propeller pitch control, the corporation claims.

The GN 1301 Gnome engine in the new craft will develop 1,100 hp. compared with the present 900 h.p. in the standard SRN6.

Other improvements include a deeper flexible skirt, similar to that developed for the Mountbatten SRN4 craft now on cross-Channel routes.

Development of the twin-propeller system and the new skirt has been financed by the Department of Trade and Industry under its "terminal special assistance agreement."

Provision of the basic craft and stretching of the air frame to give the increased passenger capacity has been funded by the corporation as a privae venture.

"This opens up the possibility of new markets which were denied to us because of the noise problem," said a BHC official yesterday.

The BHC also announced that Sir Christopher Cockerell, the inventor of hovercraft, had joined the corporation as a consultant.

OSNEY BUYS DUTCH FLATS

Osney Associates, one of the first U.K. property companies to enter the Dutch market, has made further purchases in Holland. The company's latest deal concerns 1,200 flats in Amsterdam priced at about £2m. Some of the flats are to be redeveloped and others renovated up to modern standards.

Osney consider Holland has considerable potential and plans further expansion.

CORPORATION LOANS

COMPANY NOTICES

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED
(Incorporated in the Republic of South Africa)

DIVIDEND NO. 95

Pursuant to the notice published on 28th August, 1973, members [illegible] informed that the rate of exchange at which payments of the above dividend are to be despatched by the United Kingdom Paying Agents on [illegible] October 1973, is 1 Rand of 100 cents equals 61.2865p United Kingdom currency [illegible] gross dividend payable by the United Kingdom Paying Agents is therefore equivalent to 42.9006p per share.

Holders of Share Warrants to Bearer are informed that payment of dividend No. 95 will be made on or after 5th October, 1973 upon surrender of Coupon No. 95 at the London Bearer Reception Office, 7 Rolls Buildings, Fetter Lane, London EC4A 1HX

	Amount payable per share U.K. Currency p
Equivalent in United Kingdom currency of dividend declared	42.9006
Less: South African Non-Resident Shareholders' Tax at 13.77%	[illegible]
AMOUNT PAYABLE WHERE A U.K. INLAND REVENUE DECLARATION IS LODGED WITH COUPONS	[illegible]
Less: United Kingdom Income Tax at 16.23% on the gross dividend (see Notes 1 and 2 below)	[illegible]
AMOUNT PAYABLE WHERE COUPONS ARE LODGED WITHOUT UNITED KINGDOM INLAND REVENUE DECLARATIONS	[illegible]

COUPONS must be listed in duplicate on forms obtainable from the London Bearer Reception Office and deposited for examination on any weekday (Saturday excepted) at least seven clear days before payment is required.

BARNATO BROTHERS LIMITED
London Secretaries.
D. T. WESTLAKE, Secretary

27 Austin Friars,
LONDON EC2N 2EY.
24th September, 1973.

NOTES: 1 The gross amount of the dividend for use for United Kingdom Income and Surtax purposes is 42.9006p per share.

2 Under the Double Taxation Agreement between the United Kingdom and the Republic of South Africa, South African Non-Resident Shareholders' Tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 16.77% instead of at the standard rate of 30.00% represents an allowance of credit at the rate of 13.77% in respect of South African Non-Resident Shareholders' Tax.

UNION CORPORATION LIMITED
(Incorporated in the Republic of South Africa)

DECLARATION OF DIVIDEND NO. 113
PAYMENT OF COUPON NO. 118

The Directors have declared dividend No. 113 of 7 cents per share Republic of South Africa currency being an interim dividend in respect of the year ending 31st December, 1973 payable to members registered at the close of business on 19th October, 1973 and to persons surrendering coupon No. 118 detached from share warrants to bearer.

This dividend is payable in South African currency. Members with payment addresses in southern Africa will be paid from the Registered Office and warrants will be drawn in South African currency. Members with payment addresses elsewhere will be paid from the London Transfer Office and warrants will be drawn in United Kingdom currency: the date for determining the rate of exchange at which South African currency will be converted into United Kingdom currency will be 6th November, 1973. Such Members may however elect to be paid in South African currency provided that any such request is received either at the Registered Office or the London Transfer Office on or before 19th October, 1973.

Dividends payable in respect of coupon No. 118 detached from share warrants to bearer and lodged at the office of the London Secretaries on or before 29th October, 1973 shall be paid in South African currency on or after 28th November, 1973 in accordance with any instructions that may be lodged with the coupon. Dividends payable in respect of coupon No. 118 lodged after 29th October 1973 shall be paid in sterling from the office of the London Secretaries in accordance with a notice relating thereto which will be published on or about 9th November 1973.

The register of members and transfer books of the Corporation will be closed from 22nd to 26th October, 1973 both dates inclusive. Dividend warrants will be posted on or about 27th November, 1973.

Under the Republic of South Africa Income Tax Act, 1962 as amended, a non-resident shareholders' tax of 15 per cent. has been imposed on that proportion of the dividend declared deemed to be payable out of the profits earned in South Africa. Accordingly, a deduction in respect of this tax at the effective rate of 12.25 per cent. will be made from distributions of the above mentioned dividend to members whose registered addresses are outside the Republic of South Africa and to persons surrendering coupons detached from share warrants to bearer irrespective of domicile.

This notice is published in abbreviated form but Members may inspect the full notice declaring the dividend at either the Registered Office or the London Transfer Office of the Corporation.

By Order of the Board,
per pro. UNION CORPORATION (U.K.) LIMITED,
London Secretaries
J. W. LOCK

London Secretaries,
Princes House,
95 Gresham Street,
London, EC2V 7BS.

London Transfer Office,
Hill Samuel Registrars Limited,
6, Greencoat Place,
London, SW1P 1PL.

25th September, 1973.

THE BATH AND PORTLAND GROUP LIMITED

NOTICE IS HEREBY GIVEN that the half-year's interest due on 31st October 1973 on the Unsecured Loan Stock 1993 will be paid on that date to stockholders registered at the close of business on 28th September, 1973.

NOTICE IS HEREBY GIVEN that the half-year's dividend to 31st October on the 7½ per cent. Cumulative Preference Shares will be paid on that date to shareholders registered at the close of business on 28th September.

G. P. P. HART, Secretary

The Bath and Portland Group Limited,
P.O. Box 46,
Bath, BA1 1LX

H. J. HEINZ COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the 4½% Redeemable Cumulative Preference Shares of the Company will be CLOSED from October [illegible] to October 29, 1973, both dates inclusive.

M. J. GREEN, Secretary

Hayes Park,
Hayes
Middlesex.
September 14, 1973.

THE MESSINA (TRANSVAAL) DEVELOPMENT CO. LTD.
(Incorporated in the Republic of South Africa)

NOTICE IS HEREBY GIVEN that the Company's Share Register will be closed from October 15 to 19 both dates inclusive and that an Extraordinary General Meeting of the Company will be held at its Registered Office in Johannesburg on Monday, October 22 at 11.00 a.m. for the purpose of considering and if thought fit, approving a share incentive scheme.

By Order of the Board
S. H. VERRALL, London Secretary

London, September 26, 1973

CURACAO DEPOSITARY RECEIPTS OF PIONEER ELECTRONIC CORPORATION

On September 5, 1973 the Board of Directors of Pioneer Electronic Corporation authorized a 1 for 10 free distribution of the Company's common stock to holders of record at the close of business on September 29, 1973.

The free distribution will, in due course, be made available to the holders of Curacao Depositary Receipts against surrender of coupon no. 8. Until announcement thereof this coupon should be reserved for that purpose by receiptholders.

The common stock of Pioneer Electronic Corporation will be traded ex distribution as from September 26, 1973.

PIERSON, HELDRING & PIERSON
As Agent
Caribbean Depositary Company N.V.

Amsterdam,
September 20, 1973.

PERSONAL

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CINEMAS—(Cont.)

DOMINION, Tottenham Court Rd. (580 9562.) Audrey Hepburn, Rex Harrison, MY FAIR LADY (U). 70mm. Sep. Progs. Week and Sunday 2.30, 7.30.

EMPIRE, Leicester Square. DAVID LEAN'S DOCTOR ZHIVAGO (A). Mon.-Sat. 2.30, 7.30. Sunday 3.0; 7.30. Late show Fri. and Sat. 11.30. Bookable.

EMPIRE TWO, Leic. Sq. Sam Peckinpah's PAT GARRETT AND BILLY THE KID (X). Programmes 2.0, 4.15, 6.30, 8.45. Late show Fri. and Sat. 11.15 p.m.

LEICESTER SQUARE THEATRE, 930 5252. Richard Crenna, Stephen Boyd in THE MAN CALLED NOON (AA). Cont. Progs. 2.10, 3.55, 6.10, 8.30.

METROPOLE, Victoria. 834 4673. Roger Moore as James Bond, LIVE AND LET DIE (A). Cont. Progs. Wk. and Sun. 2.30, 5.20, 8.10. Feature 3.00, 5.50, 8.40.

ODEON HAYMARKET. (930 2738-2771) Laurence Olivier, Michael Caine SLEUTH (AA). Sep. Progs. 3.00, 8.00. Feature 3.10, 8.10. All seats Bookable.

ODEON LEICESTER SQUARE. 930 6111. Burt Lancaster, Alain Delon, Paul Scofield SCORPIO (A—London). Cont. Progs. 1.10, 3.05, 5.40, 8.15.

ODEON, MARBLE ARCH. 723 2011-2. Elizabeth Taylor, Laurence Harvey, Billie Whitelaw NIGHT WATCH (X). Sep. Progs. 1.15, 2.30, 8.15. Feature 1.55, 5.10, 8.55. All Seats Bookable.

ODEON ST. MARTINS LANE. 836 0691-1811. George Segal, Glenda Jackson, A TOUCH OF CLASS (AA). Cont. Progs. 2.0, 3.55, 6.15, 8.30. Feature 2.10, 4.25, 6.40, 9.0.

PARAMOUNT, Lower Regent Street. 839 6494. THE DAY OF THE JACKAL. Sep. Progs. 2.15, 5.15, 8.15. All seats bookable.

PRINCE CHARLES, Leic. Sq. 437 [illegible] LAST TANGO IN PARIS (X). Sep. perfs. dly. (inc. Sun.) 2.45, 6.15, 9.00. Late show Fri. & Sat. 11.45. Bookable. OPEN DAILY. ALL seats Bookable.

RIALTO. 437 3435. FIST OF FURY. Progs. 1.30, 3.40, 5.55, 8.10.

SCENE 4, Swiss Centre, Leic. Sq. 439 [illegible] THE CANTERBURY TALES (X). Sep. perfs. dly. (inc. Sun.) 12.30, 3.00, [illegible] 9.10, 12.00. Bookable.

STUDIO ONE, Oxford Circus. 437 [illegible] NOW SEE JAN-MICHAEL VINCENT [illegible] Disney's THE WORLD'S GREATEST ATHLETE (U). Progs. 12.15 [illegible]

STUDIO TWO, Oxford Circus. 437 [illegible] THE DISCREET CHARM OF THE BOURGEOISIE (AA). Progs. 1.40, [illegible] 6.05, 8.25.

UNIVERSAL, Lower Regent Street. [illegible] 5944. JESUS CHRIST SUPERSTAR. Progs. 2.00, 4.15, 6.30, 8.45. Late shows at 11.15. Sep. Perfs. All bookable.

WARNER RENDEZVOUS, Leic. Sq. [illegible] 0791. MALCOLM McDOWELL in Lindsay Anderson's O LUCKY MAN! (X). Sep. perfs. 2.00, 5.05, 8.10. All bookable. Last day.

WARNER WEST END, Leic. Sq. 439 [illegible] Gene Hackman, Al Pacino SCARECROW (X). Grand Prix Cannes Film Festival '73. Progs. 1.30, 3.45, 6.05, 8.2[illegible] Late Fri. and Sat. 11.00 p.m.

ainter and his Pug. William Hogarth 1697 - 1764

Recognition dispute threat to 1,500 at Kodak plant

BY NOEL HOWELL, LABOUR REPORTER

KODAK'S FILM processing division at Hemel Hempstead was brought to a halt yesterday as the Association of Cinematograph, Television and Allied Technicians escalated industrial action in their 12-week-old recognition and pay dispute.

Up to 1,500 workers, mostly women, face being made idle. The processing of colour films—already badly hit by the ACTT work-to-rule action over the last 12 weeks in the peak holiday season—has been halted.

Yesterday's shutdown came when ACTT members refused to supply chemicals to processing machines worked by members of the recognised "house" union, the Union of Kodak Workers, who have not been involved in the dispute and who have ignored the work-to-rule.

Faced with a counter-threat by the UKW to retaliate by blacking film processed by the working-to-rule ACTT members, the company decided to avoid a confrontation by shutting down the colour slide processing department. This led to a sympathy stoppage by ACTT members *working on colour print processing.*

The day shift was stood down, the workers spent the rest of the day idle at the factory.

The ACTT dispute originated in a claim for extra money for handling new processing machinery, but the major issue has been the union's claim for recognition *at Kodak, where at present* only the house unions—the UKW and the Kodak Senior Staff Association—are recognised.

Six TUC unions, including ACTT, are seeking recognition at Kodak. The Department of Employment conciliation service is trying to break the deadlock in the recognition talks between the TUC unions, the company and the UKW.

The department conciliator met the TUC unions last week, and is due to meet the UKW to-day.

The company was awaiting developments on yesterday's night shift before making a decision on whether to try to restart processing. Kodak is expected to see the UKW to-day, and the ACTT is simultaneously pressing the company to reverse its earlier decision and meet it to discuss recognition, even though the Department of Employment conciliation attempt continues.

National journalists to press for £20 more

JOURNALISTS' NEGOTIATORS are understood to have agreed on a £20 a week claim for 3,400 national newspaper journalists in London and Manchester.

The claim will now go before the National Union of Journalists' executive for formal endorsement before being presented to the Newspaper Publishers Association.

The £20 a week claim was originally submitted by the union's Central London branch—the biggest involved—and has now been adopted by a joint meeting of rank and file negotiators and the union's wages committee.

The meeting agreed to press for the claim to be met from January 1, to the date the current 18-month, two-stage deal was due to expire. However, this could bring the union into conflict with Government pay policy which would would not—under Phase Two rules—allow another rise for national newspaper journalists until next July, 12 months after *their last rise.*

The NUJ is also to seek in a 12-month agreement a sixth week's holiday, a cost-of-living linked "escalator" clause, a shorter working week and £300 service increments for journalists with two, four and eight years experience on a newspaper. A central London call for a £350 a year London weighting over Manchester—currently £50 a year—has, however, been dropped.

The current national minimum rate in Fleet Street is £2,900 a year (£2,850 in Manchester) though with "house" agreements in individual newspapers, average earnings range accordng to NPA estimates, from £3,800 a year in Manchester to £4,500 in London.

Welsh miners urge ban on overtime

LEADERS of the 37,000 South Wales miners have brought further pressure on the National Union of Mineworkers yesterday to ban overtime in support of a national wage claim for rises of up to £13 a week.

Their decision, announced by Mr. Dai Francis, the South *Wales miners' general secretary,* follows a call for an overtime ban from Yorkshire miners. Nottinghamshire and Derbyshire miners are urging a ban on night-shift woking.

The NUM national executive will consider the calls for action when it meets next month after receiving the National Coal Board's reply to its pay claim.

Union ordered to call off strike

SIR JOHN Donaldson, president of the National Industrial Relations Court, yesterday stepped in to end a brewery strike. He ordered the Transport and General Workers' Union to call off by mid-day to-day a strike against Davenport CB and Brewery (Holdings), of Birmingham.

The court had heard that for 11 days about 40 union members employed by the company had been picketing its gates and preventing deliveries of essential supplies.

Sir John said that behind the present dispute was a long-standing attempt by the TGWU to get bargaining rights at the brewery. It had now been agreed by both sides that that was a matter which *should be referred for investigation* by the Commission on Industrial Relations.

The sacking of a worker who called an unofficial strike was upheld by a Birmingham Industrial Tribunal yesterday when it threw out a claim for unfair dismissal brought by Mr. Gerard Lynch, a former shop steward.

Mr. Lynch, of Smethwick, had asked the tribunal to reinstate him in his job at Bradford's Bakeries, West Bromwich, Staffs, and claimed he had not called a strike but that it was the free choice of bakery workers.

The tribunal, however, ruled that he had done so and that his dismissal was not unfair. Mr. Robert Chapman, the chairman, said: "The fact that he took this action while the agreed grievance procedure was still not exhausted shows that he regarded himself as being above the national executive of his union."

Stoke council studies plan to save plant

By Our Own Correspondent

STOKE, Sept. 25.

STOKE-ON-TRENT City Council is studying the possibility of investing in Shelton Iron and Steel works to prevent its closure and save 2,000 jobs.

In a move suggested at a special meetings to-day between the Shelton action committee and the city council, the council may promote a private Parliamentary Bill to enable it to run the works jointly with the British Steel Corporation.

Councillor Bob Cant, who has been helping the action committee, said: "We are going to examine the degree to which the council can get involved in the steel works. We want to see if we can arrange a joint venture between the council and British Steel, which would be something unique in this country.

"It would need millions of pounds to run the plant, but all sorts of things have been done in the last few years which some time ago would not even have been considered."

The meeting also decided to appoint a council officer for liaison with the action committee and a publiciiy campaign to save the works. Mr. Ted Emith, chairman of the action committee, said: "This is fabulous. All the lads are unanimous that we have now forged a link in steel between us and the council, which is most vital."

The British Steel Corporation said that it had no knowledge of the proposal.

Closed shop agreement order covers actors

BY OUR LABOUR CORRESPONDENT

THE NATIONAL Industrial Relations Court has made its second approved closed shop order under the Industrial Relations Act.

The order confirms closed shop agreements for actors in the theatre, films and independent television. It follows a joint approch from Equity, the actors' union, and the various employers' associations.

The Commission on Industrial Relations reported in favour of the actors' closed shops, and the NIRC gave three months for objectors to seek a ballot over the issue. The three months has elapsed with no application for a ballot, and the special closed shop proposals have now been approved.

Last year the NIRC confirmed an approved closed shop for merchant seamen after a joint approach from the shipping employers and the National Union of Seamen.

Although the Act generally outlaws the closed shop it does make special provision for limited, approved post entry closed shops. Merchant seamen and actors were envisaged as being the only obvious qualifying *sectors for those special* provisions.

Under the approved closed shop, actors and seamen have to become union members unless they have conscientious objections, in which case the appropriate contribution is made to a charity.

Both the 20,000 member Equity and the 50,000 member NUS remained registered—and were expelled from the TUC—to seek the approved closed shop to meet the special problems of their industries.

Dublin suggests a three-tier Council of Ireland

BY DOMINICK J. COYLE

DUBLIN, Sept. 25.

THE IRISH Government's proposals for an All-Ireland Council, designed to links Dublin with the new Executive in Belfast as part of an overall political settlement in Ulster, are understood to suggest a three-tier structure which would operate at executive, parliamentary and administrative levels.

The Irish and British Governments have already exchanged papers outlining their views on the nature, scope and functioning of such a council, and there are likely to be early meetings between officials in attempts to expand these proposals and to smooth over differences.

One important element yet to be discussed in any detail is the nature and form of the British Government's representation on or association with, the proposed council. Mr. Edward Heath made *it clear in his recent talks* here with Mr. Liam Cosgrave, the Irish Prime Minister, that Whitehall did have "very specific interests" in the whole matter.

These interests *include, in particular,* a British financial support to Northern Ireland, European questions (such as regional policy) involving London and Dublin within the EEC and, of course, the entire field of security, including policing in the province, which is now a direct Westminster responsibilty.

Detailed *Anglo-Irish discussions* to resolve these and other matters associated with the proposed council are unlikely to begin until there is some positive indication that at least three of the Northern political parties (the official Unionists, the Social Democratic and Labour Party, and the Alliance) will agree to come together to form a new executive in Belfast.

Officials here are optimistic that a preliminary indication whether such an agreement will *be forthcoming* can be expected by the end of this week. It is thought Mr. William Whitelaw, the Secretary for Northern Ireland, has now embarked on the delicate task of *bringing* the three parties together.

Dr. Garrett FitzGerald, the Irish Foreign Minister, made it *clear in his address to the United* Nations General Assembly in New York last night that his Government envisaged equal representation for Dublin and Belfast on the executive of the proposed council, although he noted in passing that Northern Ireland had only half the population of the Republic.

Having indicated that there was now broad Anglo-Irish agreement on the best way forward towards a political settlement *in Ulster, the Minister* emphasised that his Government did not seek to impose, or to have imposed, on the people of the North any solution unacceptable to a majority there.

Mr. Brian Faulkner, the former Prime Minister and leader of the official Unionists, said on the Irish State radio here to-day that Dr. FitzGerald's remarks provided a much happier atmosphere between North and South than any that existed under the previous Dublin government.

He regarded the UN speech as "very helpful," but added that he still did not see it as a *sufficient* undertaking on the position of the majority in the North. That would have to come from Mr. Cosgrave.

The Rev. Ian Paisley, who is *expected to lead many of* his supporters across the border into the Irish Republic tomorrow to protest at an "ecumenical summit" meeting of the main Christian churches in Dundalk, was far less enthusiastic.

Goods stolen in transit up by 19%

By Lorne Barling

THE VALUE of goods stolen in transit during the first half of this year increased by 19 per cent., to total £1.5m., the British Insurance Association reported yesterday.

The association said trends of recent years had continued, with an increase in household losses but an overall decline in losses from commercial and industrial premises.

Total losses for the half-year at £11.8m., were slightly down on last year's £12m., but there were wide variations in the different categories. Losses on household policies rose by 7 per cent., to £4.8m., and losses on all risks policies went up by 1 per cent. to £2.1m.

Losses from commercial and industrial premises dropped 1 per cent., to £2.3m., and on money policies by 31 per cent to £1.1m.

"This reflects the successful work by the police and the efforts of insurance companies to reduce these types of losses whereas they are not able to exert the same influence on individual householders," the association said.

COMPANIES IN THE EEC

Merger control plans attacked

PROPOSALS BY the EEC Commission to control company mergers, recently submitted to the Council of Ministers, were condemned yesterday by **Mr. J. B. Bransbury**, legal consultant to Courtaulds.

He described the draft as "a hideous example of a claim of exorbitant jurisdiction worthy only of the activities of the anti-trust division of the U.S. Department of Justice."

Addressing a two-day conference on agreements between companies in the EEC, organised by the Financial Times, Mr. Bransbury said this "very naughty" draft regulation could give Brussels control not only of mergers between companies in two or more member states, but even companies in one single state, or, incredibly, between companies outside the EEC which were part *of a group having* a company established in the Common Market.

'Lunacy'

"Thus a really large company—take ICI as an example—if its Australian subsidiary wished to bid for another Australian company, the British parent would have to notify Brussels and wait three months.

"I hasten to add that this particular bit of lunacy in the draft regulation will, I hope, like a lot of the rest of it, be removed before it ever sees the light of day." he said.

Mr. Bransbury added that the regulation was a *shining example* of the appalling draughtsmanship of so many EEC documents. According to Article II, if a big company wished to appoint a new *managing director it* had to tell the commission about it if this meant an outside link, and wait three months to see if the commission objected.

Similar control also applied if a controlling shareholder of a company died and the controlling shareholding in the company passed by will or intestacy.

"Mercifully, there is a very fair chance that this appalling regulation will never be passed at all, because in the opinion of a very large proportion of the EEC jurists the commission has no power, even with the unanimous *vote of the Council of Ministers,* to pass it," Mr. Bransbury said.

He also expressed serious concern about the commission's fifth directive of company law, which threatened to saddle on certain U.K. companies the concept of the two-tier Board, and on some of them the "even more alarming concept" of the employee-director.

"The truth of the matter is that at the moment we are all crossing our fingers and hoping and pray*ing that the hostility to the whole* concept of the two-tier Board, which not only commerce and industry but mercifully the DTI seems to be sharing, will bear fruit," he said.

Mr. Charles H. Villiers, chief executive of Guinness Peat Group, who was the guest speaker at lunch, took an almost opposite line, highly praising the work of the competition department of the EEC Commission. The main thing now is to "move *forward jointly,*" he said.

Mr. Dennis Thompson, director-general for competition of the EEC Commission, said the view of the commission was that some mergers that were taking place inside the Community were liable to hinder effective competition.

It was with the purpose of maintaining the principle of effective competition within the Community that the proposals on mergers had been drafted.

While there was a well-developed procedure for dealing with mergers in the U.K., in other countries there was as yet little legislation dealing with the *subject. It was this that* made the proposal of the commission a somewhat delicate and sensitive matter.

Mr. Bransbury and Mr. Thompson were later joined on an open forum panel by Dr. **Hartmut Johannes**, principal administrator of the EEC Commission's Directorate for Restrictive Practices and Dominant Positions.

Mr. Robert T. Jones, resident partner in the London Law Office of Frank Boas, spoke on an American lawyer's view of competition law.

"The American experience suggests it is almost impossible to formulate broad rules for such things as mergers, joint ventures and concentrations. Such cases must always be evaluated on their facts and the econmic context," he said.

M. Xavier de Roux, a French lawyer, spoke on Community monopoly, Cartel and merger policies.

Professor Dennis S. Lees, partner in the Economist Advisory Group, said his message to big business was that the EEC Commission meant business in drafting regulations to control mergers and monopolies.

"These people in Brussels believe in competition; not unrestricted competition, but real competition, and are suspicious and generally against market domination," he added.

The conference concludes to-day.

Saleroom

Oriental jars fetch £650

A SALE of Oriental ceramics and works of art at Bonhams yesterday totalled £5,729. A pair of famille rose jars and covers, Ch'ien Lung, went to Cale Antiques for £650 and Chan gave £220 for a pair of blue and white Yen-Yen vases, K'ang Hsi. An *ivory carving of an old fisherman* carrying a child realised £155.

At Robson Lowe, a sale of Scandinavian postage stamps fetched £26,636. A cover with four Danish stamps sent in 1864 from Copenhagen to Lincolnshire fetched £725, and a mint block of four of the 1870-81 2-skillings value *realised* £600.

A copy of the 1851 2-skillings stamp on a piece of the original envelope realised £450 while £200 was paid for an 1858 4-skillings stamp on a circular from Edinburgh to Nakskov with a British one penny stamp.

A books sale at Phillips realised *£7,278.* A Curtis Botanical Magazine went to Ward for £460, and Kate Greenaway's original pencil drawing for the cover of *Under the Window* sold to Wilson for £220. A first edition of Lewis Carroll's *Alice's Adventures Under Ground* —a presentation copy to Kadie Ralston—was bought by Tilbrook for £160.

A furniture sale at Phillips realised £24,650. A set of 12 mahogany dining chairs in the *Hepplewhite taste fetched* £1,350 and a small brass lantern clock £560, both going to Osborne.

The first day of a sale at Chartley Hall, Staffs, organised by Henry Spencer and Sons, totalled £15,000.

This document contains particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information to the public with regard to G. A. Robinson Group Limited ("the Company"). The directors of the Company collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

This document is not an invitation to any person to subscribe for or to purchase any share capital in the Company.

Definitions: In this document: "the Company" means G. A. Robinson Group Limited; "Dorsman" Technische Handelmaatschappij Van Roon Dorsman B.V. and its subsidiary company Inducar B.V.; "Kwik-Fit", Kwik-Fit (Exhausts & Brakes) Limited; "Webster", R. D. Webster & Sons Limited; "AESS", Listers Tools Limited (formerly, prior to 2nd August, 1973, Automotive & Engineering Supplies & Services Limited); "Imports", Automotive & Engineering (Imports) Limited; "Kingcraft", Automotive & Engineering (Kingcraft) Limited; "the Purchase Agreements", the agreements whereby the Company agreed to acquire the whole of the issued capitals of Dorsman, Kwik-Fit and Webster; "the Imports Sale Agreement", the agreement whereby the Company agreed to dispose of Imports and its 80 per cent. interest in Kingcraft; "the Towyn Sale Agreement", the agreement whereby the Company agreed to dispose of the business and assets of the Caravan Park and Sandy Bay Hotel at Towyn, near Rhyl; "the GAR Group", the Company and its subsidiaries for the time being prior to the completion of the Purchase Agreements, the Imports Sale Agreement and the Towyn Sale Agreement; "the Enlarged Group", the Company and its subsidiaries following completion of the Purchase Agreements, the Imports Sale Agreement and the Towyn Sale Agreement; "Listers", Automotive & Engineering Supplies & Services Limited (formerly, prior to 2nd August, 1973 Listers Tools, Limited); the "AESS Group", AESS and its subsidiaries following completion of the Imports Sale Agreement; "GAR Tools", G. A. R. (Tools) Limited; "Camps", Robinson's Holiday Camps Limited; "Sandicroft", Sandicroft Manor Developments Limited; "Foxall", Arthur Foxall (Tools) Limited; "Benson", Benson Bond Limited; "Gittings", T. Gittings & Co. Limited; "Gloucester", The Gloucester Small Tools Company Limited; "Gregory & Sutcliffe", Gregory & Sutcliffe Limited; "Transweld", Transweld Service & Co. Limited; "Prestige", Prestige Exhaust Company Limited; "Baker", J. C. Baker (Retail) Limited (formerly J. C. Baker Limited); "the Baker Group", Baker and its subsidiaries; "Walker", George Walker & Sons (Birmingham) Limited; "Midland Montagu", Midland Montagu Industrial Finance Limited; "Hi-Way", Hi-Way Brakes & Tyres Co. Limited; "Cranleigh", Cranleigh Group Limited; "GAR B.V.", G. A. Robinson Nederland B.V. (formerly Clear Holding 2 B.V.).

G. A. ROBINSON GROUP LIMITED

(formerly G. A. ROBINSON (STOKE-ON-TRENT), LIMITED)

(Incorporated under the Companies Act 1929)
(Registered in England: No. 362333)

This document is published in connection with the application to the Council of The Stock Exchange for the admission to the Official List of the ordinary shares of the Company issued and now to be issued in connection with an acquisition and the proposed rights issue to be partly underwritten by Samuel Montagu & Co. Limited.

SHARE CAPITAL

Authorised:		*Issued and now to be issued fully paid*
£1,000,000	in Ordinary Shares of 25p each	£825,708.75

Up to 187,000 additional ordinary shares of 25p each of the Company may fall to be issued in connection with the acquisitions of Kwik-Fit and Webster.

At the close of business on 31st August, 1973, the companies comprising the Enlarged Group had secured bank overdrafts of £541,784, hire purchase commitments of £2,810 and outstanding debentures and mortgages of £358,000. Save as disclosed herein and apart from inter-company indebtedness and inter-company guarantees no company in the Enlarged Group has outstanding any loan capital, borrowing or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments or guarantees (otherwise than in the ordinary course of business) or other material contingent liabilities.

Directors

DEREK ARNOLD BOOTHMAN, F.C.A. (*Chairman*), Ashworth Dene, Wilmslow Road, Mottram St. Andrew, Macclesfield, Cheshire SK10 4QH.
STEPHEN ECKERSLEY BOLER (*Chief Executive*), The Penthouse, St. Andrew's House, 53 Portland Street, Manchester M1 3LW.
KENNETH RYLAND ICKE, M.M., The Grove, Rising Lane, Lapworth, Warwickshire B94 6JB.
IAN BLENKINSOP, Boxhedge, Great Budworth, Near Northwich, Cheshire CW9 6HR.
THOMAS FARMER, Kirkstane, 15 Essex Road, Edinburgh EH4 6LF.
ERVIN LANDAU, LL.B., Annadale, Okeover Road, Salford M7 0JX.
MICHAEL RALSTON CUMMING, M.B.A., A.R.S.M., B.Sc., 4 Waterford House, Kensington Park Road, London W11 2PJ.

Bankers

MIDLAND BANK LIMITED, St. James's House, Charlotte Street, Manchester M60 1QT.
SAMUEL MONTAGU & CO. LIMITED, 114 Old Broad Street, London EC2P 2HY.
PIERSON, HELDRING & PIERSON, Herengracht 206-214, Amsterdam, Netherlands.

Brokers

HENRY COOKE, LUMSDEN & CO., Arkwright House, Parsonage Gardens, Manchester M60 3AH and The Stock Exchange.
E. B. SAVORY, MILLN & CO., Northgate House, 20 Moorgate, London EC2R 6AQ and The Stock Exchange.

Solicitors to the Company

F. PICKLES, HALLIWELL & CO., Globe Chambers, 123/125a Union Street, Oldham OL1 1TF.

Solicitors to Samuel Montagu & Co. Limited

CLIFFORD-TURNER & CO., 11 Old Jewry, London EC2R 8DS.

Auditors to the Company and joint reporting accountants on Dorsman, Kwik-Fit and Webster

ARTHUR ANDERSEN & CO., *Chartered Accountants*, Bank House, 9 Charlotte Street, Manchester M1 4EU.

Auditors to and joint reporting accountants on Dorsman

SEGALL & CO., *Members of Nederlands Instituut van Registeraccountants*, de Boelelaan 16, Amsterdam, Netherlands.

Auditors to and joint reporting accountants on Kwik-Fit

J. M. EDMOND & CO., *Chartered Accountants*, 19 Silverknowes Midway, Edinburgh EH4 5PP.

Auditors to and joint reporting accountants on Webster

ERIC S. BROWNE & CO., *Chartered Accountants*, 41 North John Street, Liverpool L2 6RR.

Secretary and registered office

JOSEPH CUNNINGHAM TITLEY, A.C.A., 322 Hartshill Road, Hartshill, Stoke-on-Trent ST4 7NU.

Registrars and transfer office

SAMUEL MONTAGU & CO. LIMITED, St. Olaf House, Tooley Street, London SE1 2PL.

On 21st June, 1973, the listing of the issued ordinary share capital of the Company was temporarily suspended by the Council of The Stock Exchange at the request of the Company.

Subject to the ordinary share capital of the Company issued and now to be issued as mentioned herein being admitted to the Official List by the Council of The Stock Exchange not later than 30th September, 1973, the Company has agreed to acquire Dorsman and Kwik-Fit. Part of the consideration for the acquisition of Dorsman is to be financed out of the proceeds of the proposed rights issue of ordinary shares of the Company (see "Rights Issue and Working Capital" below) and 234,483 ordinary shares are to be issued in connection with the acquisition of Kwik-Fit. The agreements for the purchase of Dorsman and Kwik-Fit were approved by shareholders of the Company at an Extraordinary General Meeting held on 24th September, 1973. The Company has also acquired Webster and disposed of Imports, its 80 per cent. interest in Kingcraft and the business and assets of the Caravan Park and Sandy Bay Hotel at Towyn, near Rhyl.

Full details of the above transactions are shown under "Terms of Acquisitions and Disposals" below.

This document has been prepared on the basis that the acquisitions of Dorsman and Kwik-Fit have been completed.

In addition, it is intended that part of the proceeds of the proposed rights issue be used to provide additional working capital (see "Rights Issue and Working Capital" below).

Subject to the whole of the ordinary share capital of the Company issued and now to be issued being admitted to the Official List by the Council of The Stock Exchange, dealings are expected to commence on 2nd October, 1973.

[illegible]

TERMS OF ACQUISITIONS AND DISPOSALS

(i) Acquisition of Dorsman

The Company has incorporated a wholly owned subsidiary company in the Netherlands, GAR B.V., for the purpose of acquiring Dorsman. Pursuant to a conditional contract dated 20th June 1973 (Contract 24 below), GAR B.V. has agreed to acquire the whole of the issued share capital of Dorsman for an aggregate consideration of D.fl. [illegible] million ([illegible] at D.fl. 6.20 to £1) in cash.

The consideration is to be satisfied by a bank loan of D.fl. 5 million (£806,454 at D.fl. 6.20 to £1) arranged in the Netherlands (Contract 25 below) and the balance out of the proceeds of the proposed rights issue (see "Rights Issue and Working Capital" below). The contract for the acquisition of Dorsman is conditional only on the issued share capital of the Company being admitted to the Official List.

(ii) Acquisition of Kwik-Fit

Pursuant to a conditional contract dated [illegible] June, 1973 (Contract [illegible] below), the Company is acquiring the whole of the issued share capital of Kwik-Fit. The consideration is to be satisfied by the issue of 234,483 ordinary shares of 25p each in the Company, credited as fully paid. The contract also provides for the issue of additional ordinary shares in the Company if the profits before taxation for the year ending 28th February, 1974 exceed [illegible]. [illegible]

The contract for the acquisition of Kwik-Fit is conditional only on the issued share capital of the Company being admitted to the Official List.

(iii) Acquisition of Webster

Pursuant to a contract dated [illegible] July, 1973 (Contract 26 below) the Company has acquired the whole of the issued share capital of Webster for a cash consideration of [illegible]. The contract also provides for the issue of a maximum of 12,500 ordinary shares of 25p each in the Company if the profits before taxation for the year ending 28th February, 1974, exceed [illegible] and up to a further 12,500 shares if the profits for the following year exceed [illegible]. If the profits fall short of these amounts the number of shares to be issued will be reduced by one share for every [illegible] of such shortfall in the year ending 28th February, 1974 and one share for every [illegible] of such shortfall in the following year.

(iv) Disposal of Imports and Kingcraft

Pursuant to a contract dated 28th June, 1973 (Contract 22 below), AESS has disposed of the whole of the issued share capital of Imports and its 80 per cent. interest in the issued share capital of Kingcraft to The Talbex Group Limited for a consideration satisfied by the issue of 360,005 ordinary shares of [illegible] each [illegible]

[illegible]

Continued on next page

G. A. Robinson Group Limited continued

(c) The sale of Imports and Kingcraft for a share consideration valued at £64,000 giving rise to a profit of £15,000 net of the related tax liability.

	£'000	£'000
Current assets		
Debtors	1,443	
Stock	1,415	
Land and property developments in progress	78	
Quoted investment	65	
		3,001
Current liabilities		
Bank overdraft, secured	231	
Creditors	1,648	
Accrued taxation	321	
		2,200
Net current assets		801
Property, plant and equipment		
At cost or valuation		
Land and buildings	957	
Furniture and equipment	304	
Motor vehicles	186	
	1,447	
Accumulated depreciation	(162)	
		1,285
Deduct:		
Deferred taxation	228	
Mortgage loans	143	
Debenture stock	220	
Bank loan	806	
Pension reserves	63	
		1,460
Net tangible assets		626
Representing:		
Share capital	872	
Share premium account	2,840	
Surplus arising from the revaluation of properties	12	
Retained profit	318	
		4,042
Less: Goodwill		3,416
		626

At 28th February, 1973, being prior to the acquisitions and disposals mentioned in this document the net tangible assets of the Company and its subsidiaries amounted to £655,000 as shown below. This compares with the net tangible assets of £626,000 shown above.

FINANCIAL INFORMATION

(i) The GAR Group

The information set out below relating to the GAR Group has been extracted from accounts of the Company and its subsidiaries for the year ended 28th February, 1973, which were audited by Arthur Andersen & Co., and from accounts of the Company and its subsidiaries for earlier years which were audited by the Company's previous auditors.

Accounting Policies

The principal accounting policies adopted by the GAR Group are:—

(a) The consolidated balance sheet includes the net assets of all the companies in the GAR Group after adjusting for inter-company balances and the share capital and pre-acquisition profits of the subsidiaries. The statement of consolidated profits includes the results of operations of all the subsidiaries since their effective dates of acquisition. Inter-company profits are eliminated in arriving at the results of the GAR Group.

All new subsidiaries are dealt with on the basis of acquisition accounting. When shares are issued in respect of an acquisition, share premium is computed by reference to the stock market price of the Company's shares at the time of the acquisition.

(b) Turnover represents the net billings for goods despatched and services rendered by all the companies in the GAR Group after eliminating inter-company transactions.

(c) Stock is stated at the lower of cost (on a first-in, first-out basis) including, where appropriate, production overheads, and net realisable value.

(d) Land and property developments in progress are stated at the contract selling price of work completed net of progress payments. They are included in current assets because the developments are all expected to be sold within a year. Profits on these developments are recognised on a percentage of completion basis.

(e) Freehold land and buildings are stated at valuation in 1965 or at cost to the GAR Group. Other items of property, plant and equipment are stated at cost.

Depreciation has been provided at the following approximate annual rates, primarily on a reducing balance basis, to write-off the cost of the assets over their estimated useful lives—

	Per cent.
Commercial vehicles	33⅓
Motor vehicles	25
Fixtures and fittings	15
Plant and machinery	15

No depreciation has been provided on buildings: the effect of so providing would be immaterial.

(f) Deferred taxation represents taxation deferred as a result of tax allowances for property, plant and equipment exceeding the depreciation provided in the accounts, and taxation which would arise if the properties held by certain subsidiaries were disposed of at the fair values attributed to them on consolidation when they were acquired by the Company, or when they were professionally revalued. Taxation is deferred at the rate applicable in the year in which the deferral arises.

(g) Goodwill represents the excess of the cost of investment in subsidiaries over the fair value of the net tangible assets acquired. Except in the case of land and buildings fair value has been taken to be the same as book value.

Profits

The consolidated profits of the GAR Group for the five years ended 28th February, 1973, on the basis defined in "Accounting Policies" above and the notes below, were:—

Year to 28th February	£'000 1969	£'000 1970	£'000 1971	£'000 1972	£'000 1973
Turnover:					
Property development	—	—	—	—	761
Tool sales	1,088	1,178	1,169	476	2,239
Caravan parks	206	222	244	203	189
	1,294	1,400	1,413	679	3,189
Cost of sales and expenses excluding the following items	1,122	1,256	1,336	667	2,813
Operating profit before charging the following items	172	144	76	12	376
Interest (Note 2)	28	38	35	14	72
Depreciation	25	32	37	20	33
Profit (loss) before taxation and extraordinary items (Note 1)	119	84	4	(22)	271
Taxation (Note 3)	58	45	1	—	121
Profit (loss) before extraordinary items	61	39	3	(22)	150
Write-off of obsolete stock (Note 4)	—	—	(73)	—	—
Write down of property, plant and equipment at Plas Coch (Note 5)	—	—	—	(41)	—
Net profit (loss)	61	39	(70)	(63)	150
Preferred dividends (Note 6)	7	7	7	7	4
Profit (loss) attributable to ordinary shareholders	54	32	(77)	(70)	146
Ordinary dividends (Note 7)	18	18	3	—	36
Retained profit (loss)	36	14	(80)	(70)	110

Notes:

1. The contribution which companies acquired during the year ended 28th February, 1973, made to the profit before taxation for that year is as follows:—

	£'000
Sandicroft (12 months' profits)	151
AESS Group (8 months' profits)	78
Baker Group (2 months' profits)	8
Walker (2 months' profits)	2
	239
Contributed by companies which comprised the GAR Group at 29th February, 1972	32
	271

The profits (losses) before taxation and extraordinary items of these companies for the last three years, as shown in circulars to the Company's shareholders issued at the times of the acquisitions, were as follows:—

		£'000
Sandicroft	Period from 13th September, 1971 (date of incorporation) to 28th February, 1972	26
AESS Group	Year ended 30th June, 1972	101
	Year ended 30th June, 1971	19
	Year ended 30th June, 1970	70
Baker Group	Six months ended 30th September, 1972	(4)
	Year ended 31st March, 1972	56
	Six months ended 31st March, 1971	16
	Year ended 30th September, 1970	53
Walker	Eight months ended 30th November, 1972	14
	Year ended 31st March, 1972	25
	Year ended 31st March, 1971	48
	Year ended 31st March, 1970	18

Following the disposal of the Plas Coch caravan park, see Note 5, and the Caravan Park and Sandy Bay Hotel at Towyn, referred to herein, Camps ceased to trade. This company contributed the following amounts to the profits before taxation of the GAR Group:—

1969: £54,000. 1970: £55,000. 1971: £25,000. 1972: £36,000. 1973: £54,000.

Imports and Kingcraft together did not contribute a material amount to the profits of the GAR Group in any year.

Another subsidiary, Benson, was sold to the AESS Group (prior to the acquisition of the AESS Group by the Company) with effect from 28th November, 1971. Benson contributed the following amounts to the profits (losses) before taxation of the GAR Group before it was sold:—

1969: £11,000. 1970: £12,000. 1971: (£27,000).

The drop in tool sales in 1972 is largely due to the disposal of Benson.

2. Interest relates to bank loans, overdrafts, debentures and hire purchase debts.

3. Taxation, including deferred taxation where appropriate, has been charged at the rates applicable in each year. At 28th February, 1973, certain companies in the GAR Group had tax trading losses of approximately £71,000 which may be offset against future profits of the same trades, and capital losses of £65,000 which will be offset against the capital gain arising from the disposal of the Caravan Park and Sandy Bay Hotel at Towyn.

4. Following a stocktaking by professional valuers in November, 1971, an amount of £73,000 (£95,000 less a related tax credit of £22,000) was written off as obsolete stock relating to prior years. It is not possible to estimate the extent to which this write-off should be allocated to earlier years and therefore the whole of the write-off has been allocated to 1971.

5. The Plas Coch caravan park was sold in the year ended 28th February, 1973, but the directors considered the loss in value of the caravan park to have been inherent in its value at 29th February, 1972. Accordingly, a write down of the anticipated loss on sale of the caravan park, £41,000, was included in the accounts at 29th February, 1972.

6. Dividends at the rate of 20 per cent. were paid on the preferred shares in all the above years except that only 10 per cent. was paid in the year ended 28th February, 1973, since the preferred shares were converted into ordinary shares on 30th November, 1972.

7. Interim and final dividends on the ordinary shares in the years ended 28th February, 1969 and 1970 totalled 15 per cent. gross. An interim dividend of 2½ per cent. was paid in the year ended 28th February, 1971. For the year ended 28th February, 1973, a final dividend of 1.75 pence per share was paid, which is equivalent to 2.50 pence or 10 per cent. including the related advance corporation tax.

8. The aggregate emoluments of the directors of the Company for the year ended 28th February, 1973, amounted to £19,000. Under the arrangements now in force, the emoluments of the present directors, including Mr. Farmer, in a full year would amount to £29,000.

Balance Sheet

The balance sheet of the Company and the consolidated balance sheet of the GAR Group at 28th February, 1973, on the basis defined in "Accounting Policies" above and the notes below were:—

The Company £'000	The Company £'000		The GAR Group £'000	The GAR Group £'000
		Current assets		
28		Debtors	1,029	
—		Stock	1,175	
—		Land and property developments in progress	78	
289		Amounts due from subsidiaries	—	
	305			2,282
		Current liabilities		
134		Bank overdraft secured (Note 1)	870	
32		Creditors	1,133	
—		Taxation	191	
36		Proposed dividends	38	
29		Amounts due to subsidiaries	—	
	231			2,230
	77	**Net current assets**		52
		Property, plant and equipment		
		At cost or valuation—		
		Land and buildings (Note 2)	690	
		Furniture and equipment	174	
		Motor vehicles	154	
			1,018	
		Accumulated depreciation	(70)	
	—			948
	438	Investment in subsidiaries		—
		Deduct:		
		Deferred taxation	103	
		Mortgage loans (Note 3)	22	
		Debenture stock (Note 4)	220	
	—			345
	515	**Net tangible assets**		655
		Representing:		
652		Share capital (Note 5)		652
1,779		Share premium account		1,779
—		Surplus arising from the revaluation of properties		12
4		Retained profit		132
2,435				2,575
1,920		Less: Goodwill		1,920
515				655

Notes:

1. The GAR Group had overdraft facilities of £950,000 at 28th February, 1973, which were secured by guarantees, by legal mortgages over certain properties and by first floating charges over the other assets of the GAR Group.

2. The balance of land and buildings includes properties valued at £217,000 by professional valuers in 1965, and properties acquired with subsidiaries during the year ended 28th February, 1973, which are included at fair values attributed to them at the time of the acquisitions, amounting to £403,000. Of the land and buildings, £621,000 relates to freehold properties and £69,000 to properties held on long leaseholds.

3. The mortgage loans are secured on freehold properties and the interest rate applicable to the majority of the loans is 6⅛ per cent.

4. The debenture stock is secured by a guarantee from the Company and by floating charges on certain assets of the GAR Group ranking after the floating charges mentioned in Note 1. The stock currently carries interest at 2 per cent. per annum above the Midland Bank Limited base rate (subject to a minimum of 9 per cent.) and is redeemable at par on 31st December, 1974.

5. The share capital shown above includes £99,000 of shares issued subsequent to 28th February, 1973, in respect of acquisitions effected prior to that date.

(ii) Dorsman

The following is a copy of a report received from the auditors and joint reporting accountants, Segall & Co., Members of Nederlands Instituut van Registeraccountants, and the joint reporting accountants, Arthur Andersen & Co., Chartered Accountants:—

The Directors,
G. A. ROBINSON GROUP LIMITED — 22nd August, 1973.

Gentlemen,

We have examined the consolidated balance sheets of Technische Handelmaatschappij Van Rooy Dorsman B.V. and its wholly owned subsidiary Inducar B.V. (together referred to as "Dorsman") at 31st December, 1972, and earlier accounting dates as shown below, and the related statement of consolidated profits for the five years ended 31st December, 1972. Our examination was carried out in accordance with generally accepted auditing standards applied in the United Kingdom, and included all procedures that we considered necessary in the circumstances.

Dorsman maintains its accounting records in Dutch guilders. For the purpose of this report the accounts have been translated into pounds sterling by applying to all items the exchange rate of D.fl.6.20 to £1 which approximates to the exchange rate at the date of release of this report (24th September, 1973).

Inducar B.V. was acquired on 30th April, 1969, and accounts for an insignificant portion of the operations of Dorsman. At 31st December, 1972, it had net assets of £23,000 consisting entirely of an amount due from its Parent Company.

Accounting Policies

After making the adjustments referred to in Note 1 to the statement of profits and Note 1 to the balance sheets, the accounting policies adopted by Dorsman are the same as those adopted by G. A. Robinson Group Limited, except for the depreciation method adopted for motor vehicles. The principal accounting policies adopted by Dorsman are:—

(a) Turnover represents the net billings for goods despatched and services rendered to third parties during each year.

(b) Stock is stated at the lower of cost (on a first-in, first-out basis) and net realisable value.

(c) Property, plant and equipment is stated at cost, except for leasehold property, which is stated at valuation in the balance sheet at 31st December, 1972.

Depreciation has been provided at the following approximate annual rates, to write-off the cost of the assets over their estimated useful lives:—

	Per cent.
Leasehold property	2 on a straight line basis.
Plant and machinery	15 on a reducing balance basis.
Motor vehicles	25 on a straight line basis.

Depreciation on the leasehold property has been calculated by reference to the original cost of the property. Depreciation calculated by reference to the valuation figure would not have been significantly different.

(d) Deferred taxation represents taxation deferred as a result of tax allowances for property, plant and equipment exceeding the depreciation provided in the accounts, and taxation which would arise if the leasehold property was disposed of at the value at which it is included in the balance sheet at 31st December, 1972. Taxation is deferred at the rate applicable in the year in which the deferral arises.

Profits

In our opinion, the following statement gives a true and fair view of the consolidated profits of Dorsman for the five years ended 31st December, 1972, on the basis defined in "Accounting Policies" above and the notes below:—

Year to 31st December £'000	1968	1969	1970	1971	1972
Turnover	1,471	1,390	1,684	1,677	1,821
Cost of sales and expenses excluding the following items	1,217	1,231	1,418	1,492	1,543
Operating profit before charging the following items	254	159	266	185	278
Interest on mortgage and other loans	8	8	9	13	13
Depreciation	20	18	19	22	22
Directors' emoluments (Note 2)	41	34	46	31	31
Pension costs (Note 3)	17	21	20	20	17
Profit before taxation and special pension costs	168	78	172	97	195
Provision for taxation (Note 4)	78	37	80	46	93
Profit before special pension costs	90	41	92	51	102
Special pension costs (Note 5)	—	—	—	—	35
Net profit	90	41	92	51	67
Preference dividends (Note 6)	5	5	5	—	—
Profit attributable to ordinary and priority shareholders	85	36	87	51	67
Ordinary and priority dividends (Note 6)	6	4	6	6	6
Retained profit	79	32	81	45	61

Notes:

1. The results set out above are based on the audited accounts of Dorsman adjusted to reflect the accounting policies adopted by G. A. Robinson Group Limited for stock valuation, depreciation on plant and machinery and deferred taxation. Other adjustments have been made to accrue actual warranty costs, allocate pension costs as set forth in Note 3 and reduce depreciation on the leasehold property.

2. The aggregate emoluments of the directors of Dorsman under arrangements now in force would have amounted in a full year to £16,000.

3. Dorsman has a fully insured pension scheme for substantially all employees and, in addition, there are uninsured schemes for three employees. Pension costs are accrued currently and full provision has been made for the actuarial obligations of the schemes.

The benefits secured under the fully insured scheme were improved in 1968. The cost of securing the improvements for service prior to 1968, £36,000, has been amortised in equal amounts over the five-year period ended 31st December, 1972.

4. The provision for taxation covers taxes on profits levied in the Netherlands at rates ranging during the period from 46 to 48 per cent. of the profits before taxation. Profits distributed to the United Kingdom by way of dividend would currently be subject to a withholding tax of 5 per cent.

5. Special pension costs represent charges made in 1972 to provide substantially improved benefits for certain members of management, principally Mr. O. W. C. Dorsman. This provision is shown net of related taxation of £30,000.

6. Dividends have been paid annually on the issued share capital at the following rates:

	Per cent.
Ordinary Shares	20 (15 in 1969)
Priority Shares	5
Preference Shares	5

The preference shares were redeemed in 1971.

Balance Sheets

In our opinion the following consolidated balance sheets give a true and fair view of the state of affairs of Dorsman at 31st December, 1967 to 1972, on the basis defined in "Accounting Policies" above and the notes below:—

31st December £'000	1967	1968	1969	1970	1971	1972
Current assets						
Cash	76	113	77	122	73	33
Debtors	204	270	302	303	340	335
Stock	188	207	225	313	302	314
	468	590	604	738	715	682
Current liabilities						
Creditors and accrued expenses	154	223	216	245	263	177
Current portion of loans (Note 2)	91	10	10	11	11	79
Taxation	39	67	55	82	52	57
	284	300	281	338	326	313
Net current assets	184	290	323	400	389	369
Property, plant and equipment						
At cost or valuation						
Leasehold property (Notes 3 and 4)	406	406	406	406	406	403
Plant and machinery	85	86	93	109	116	120
Motor vehicles	31	18	16	16	17	23
	522	510	515	531	539	546
Accumulated depreciation	(72)	(80)	(91)	(105)	(121)	(87)
	450	430	424	426	418	459
Deduct:						
Mortgage loan (Note 4)	172	161	151	141	131	121
Other long-term loans (Note 2)	20	21	16	15	69	—
Deferred taxation (Note 5)	71	81	82	86	88	115
Pension reserves (Note 6)	56	63	72	77	80	63
	319	326	321	319	368	299
Net assets	315	394	426	507	439	529
Representing:						
Share capital (Note 7)	145	145	145	145	32	32
Surplus arising on revaluation of leasehold property	—	—	—	—	—	29
Retained profit	170	249	281	362	407	468
	315	394	426	507	439	529

Notes:

1. The balance sheets set out above are based on the audited accounts of Dorsman adjusted to reflect the accounting policies adopted by G. A. Robinson Group Limited for stock valuation, depreciation on plant and machinery and deferred taxation. Other adjustments have been made to accrue actual warranty costs, allocate pension costs as set forth in Note 3 to the statement of profits and reduce depreciation on the leasehold property.

2. The other long-term loans consist primarily of a loan from Mr. St. van Rooy which, under the terms of the acquisition, will be repayable in full during 1973. This loan and part of the mortgage loan are classified as current liabilities.

3. The leasehold property consists of buildings built to Dorsman's specifications on land held on a 50 year lease from 16th May, 1964. The property is included in the balance sheet at 31st December, 1972 on the basis of an open market valuation of £403,000 (D.fl.2,500,000) by Jones, Lang, Wootton B.V., Surveyors, made in June, 1973.

4. The terms of the mortgage loan are as follows:—

	Part A	Part B	Total
Balance at 31st December, 1972	£81,000	£40,000	£121,000
Interest rate	4½ per cent.	5½ per cent.	
Annual repayments	£10,000	Nil	

The balance of Part A and the total of Part B are repayable in full on 15th June, 1975.

The loan is secured by a mortgage on Dorsman's leasehold property.

5. Deferred taxation at 31st December, 1972, represents (a) taxation of £90,000 deferred as a result of tax allowances for property, plant and equipment exceeding depreciation provided in the accounts, and (b) taxation of £25,000 which would arise if the leasehold property were disposed of at the value at which it was included in the balance sheet.

6. The pension reserves represent provisions for the uninsured actuarial obligations relating to pension schemes for three employees and accrued prior service costs relating to other pension schemes.

7. At 31st December, 1972 share capital consisted of:

Authorised	Issued and fully paid	D.fl.
Ordinary shares: 499 of D.fl.1,000 each	290 of D.fl.1,000 each:	290,000
Priority shares: 10 of D.fl. 100 each	10 of D.fl. 100 each:	1,000
		D.fl.291,000

There have been no changes in the share capital since 31st December, 1972. Preference shares issued in 1965 were redeemed in 1971.

Accounts

No audited accounts have been prepared by Dorsman since 31st December 1972.

Yours faithfully

SEGALL & CO., Members of Nederlands Instituut van Registeraccountants
ARTHUR ANDERSEN & CO., Chartered Accountants.

(iii) Kwik-Fit

The following is a copy of a Report received from the auditors and joint reporting accountants, J. M. Edmond & Co., Chartered Accountants, and the joint reporting accountants, Arthur Andersen & Co., Chartered Accountants.

The Directors,
G. A. ROBINSON GROUP LIMITED. — 22nd August, 1973.

Gentlemen,

We have examined the balance sheets of Kwik-Fit (Exhausts & Brakes) Limited ("Kwik-Fit") at 31st May, 1973, and earlier accounting dates as shown below, and the related statement of profits from 31st December, 1969 (date of incorporation) to 31st May, 1973.

Arthur Andersen & Co. did not observe the physical stock counts made at accounting dates prior to 31st May, 1973, and Kwik-Fit's records do not permit adequate retroactive tests of the stock quantities at these dates. Accordingly, and because of the significance of the stock figures, Arthur Andersen & Co. are unable to express an opinion on the balance sheets prior to 31st May, 1973, or on the allocation of the profits between the four accounting periods ended on that date. However, J. M. Edmond & Co. Kwik-Fit's auditors throughout the period from 31st December, 1969, to 31st May, 1973, were able to examine the stock figures during this period and they expressed unqualified opinions on the accounts.

Accounting Policies

After making the adjustments referred to in Note 1 to the statement of profits and Note 1 to the balance sheets, the accounting policies adopted by Kwik-Fit are the same as those adopted by G. A. Robinson Group Limited, except for the depreciation method adopted for property, plant and equipment. The principal accounting policies adopted by Kwik-Fit are:

(a) Turnover represents the net billings for goods despatched and services rendered to third parties during each period.

(b) Stock is stated at the lower of cost (on a first-in, first-out basis) or net realisable value.

(c) Property, plant and equipment is stated at cost. Depreciation has been provided at the following approximate annual rates on a straight line basis, to write-off the cost of the assets over their estimated useful lives—

	Per cent.
Plant and machinery	10
Motor vehicles	25

Leasehold improvements are being amortised over the period of the lease, 26 years. No depreciation has been provided on the freehold property: the effect of so providing would be immaterial.

(d) Deferred taxation represents taxation deferred as a result of tax allowances for property, plant and equipment exceeding the depreciation provided in the accounts. Taxation is deferred at the rate applicable in the year in which the deferral arises.

Profits

In our opinion, which in the case of Arthur Andersen & Co., for the reason stated above, relates solely to the total for the period from incorporation to 31st May, 1973 (column 5) and not to the individual accounting periods (columns 1 to 4), the following statement gives a true and fair view of the profits of Kwik-Fit for the period from 31st December, 1969, to 31st May, 1973, on the basis defined in "Accounting Policies" above and the notes below:—

	1	2	3	4	5
	Year to 31st December, 1970 (Note 2) £'000	13 months to 31st January, 1972 £'000	Year to 31st January, 1973 £'000	4 months to 31st May, 1973 £'000	Total for the period from 31st December, 1969 to 31st May 1973 £'000
Turnover	32	213	436	217	903
Cost of sales and expenses excluding the following items	31	193	356	175	760
Operating profit before charging the following items	1	20	80	42	143
Interest on bank overdraft	—	—	2	2	4
Depreciation	1	4	5	3	13
Directors' emoluments (Note 3)	1	2	13	4	29
Rent (Note 4)	2	9	12	7	30
Profit (loss) before taxation	(3)	5	48	27	77
Provision for (benefit of) taxation	(1)	2	19	13	33
Net profit (loss) (Note 5)	(2)	3	29	14	44

Notes:

1. The results set out above are based on the audited accounts of Kwik-Fit adjusted to reflect the accounting policies adopted by G. A. Robinson Group Limited for deferred taxation and accruals [illegible] holiday pay. All adjustments have been made by J. M. Edmond & Co.

2. Although Kwik-Fit was incorporated on 31st December, 1969, it did not commence trading un[illegible] 1st March, 1970.

3. The aggregate emoluments of the directors of Kwik-Fit under arrangements now in force wo[illegible] have amounted in a full year to £5,000 excluding the emoluments of Mr. Farmer which will be [illegible] responsibility of G. A. Robinson Group Limited.

4. Kwik-Fit operates mainly from rented premises. The present annual rental commitment [illegible] approximately £15,000.

5. No dividends have been paid or proposed by Kwik-Fit.

Balance Sheets

In our opinion the following balance sheet at 31st May, 1973, gives a true and fair view of [illegible] state of affairs of Kwik-Fit at that date, on the basis defined in "Accounting Policies" above [illegible] the notes below. In the opinion of J. M. Edmond & Co., the following balance sheets at the earl[illegible] accounting dates also give a true and fair view of the state of affairs of Kwik-Fit at those dates [illegible] the same basis but, for the reason stated above, Arthur Andersen & Co. are unable to express an opi[illegible] on the balance sheets at those dates.

	31st December, 1970 £'000	31st January, 1972 £'000	31st January, 1973 £'000	31st Ma[illegible] 1973 £'000
Current assets				
Cash	2	—	—	—
Debtors	1	1	4	5
Loan (Note 2)	—	—	22	58
Stock	8	66	78	81
	11	67	104	144
Current liabilities				
Bank overdraft (Note 3)	—	5	23	21
Creditors	18	82	87	102
Taxation	—	—	13	26
	18	87	123	149
Net current liabilities	(7)	(20)	(19)	[illegible]
Property, plant and equipment				
At cost—				
Freehold property (Note 4)	—	—	22	22
Leasehold improvements	—	—	4	4
Plant and machinery	6	21	30	31
Motor vehicles	—	5	10	10
	6	26	66	67
Accumulated depreciation	(1)	(4)	(10)	(11)
	5	22	56	56
Deduct:				
Deferred taxation	—	1	7	7
Net assets (liabilities)	(2)	1	30	44
Representing:				
Share capital (Note 5)	—	—	—	—
Retained profit (accumulated loss)	(2)	1	30	44
	(2)	1	30	44

Notes:

1. The balance sheets set out above are based on the audited accounts of Kwik-Fit adjusted to re[illegible] the accounting policies adopted by G. A. Robinson Group Limited for deferred taxation and accruals [illegible] holiday pay. All adjustments have been made by J. M. Edmond & Co.

2. The loan represents an advance to a director which has been repaid since 31st May, 1973.

3. The bank overdraft at 31st May, 1973, was guaranteed by two directors up to a limit of £25,000 e[illegible]

4. The freehold property is held subject to an option to purchase the property for £22,000 and l[illegible] it back to Kwik-Fit (excluding part thereof let at £700 per annum) for 26 years at an initial rent of £[illegible] per annum. The option is exercisable until 31st October, 1975.

5. The share capital issued and fully paid at 31st May, 1973, was twelve ordinary shares of £1 e[illegible] Subsequent to 31st May, 1973, a further 88 shares have been issued for cash at par. The authorised s[illegible] capital is 100 ordinary shares of £1 each.

Accounts

No audited accounts have been prepared by Kwik-Fit since 31st May, 1973.

Yours faithfully,

J. M. EDMOND & Co., Chartered Accountants.
ARTHUR ANDERSEN & [illegible] Chartered Account[illegible]

(iv) Webster

The following is a copy of a report received from the auditors and joint reporting accountants, Eri[illegible] Browne & Co., Chartered Accountants, and the joint reporting accountants, Arthur Andersen & [illegible] Chartered Accountants:—

The Directors,
G. A. ROBINSON GROUP LIMITED. — 22nd August, [illegible]

Gentlemen,

We have examined the balance sheets of R. D. Webster & Sons Limited ("Webster") at 31st May, [illegible] and earlier accounting dates as shown below, and the related statement of profits for the five years [illegible] nine months ended 31st May, 1973.

Arthur Andersen & Co. did not observe the physical stock counts made at accounting dates prio[illegible] 31st August, 1972. Also stock records are not now available in complete form relating to accounting d[illegible] prior to 31st August, 1972, and Webster's records do not permit adequate retroactive tests of stock quan[illegible] and values at those dates. Accordingly, and because of the significance of the stock figures, Ar[illegible] Andersen & Co. are unable to express an opinion on the balance sheets prior to 31st August, 1972, o[illegible] the statement of profits for the five years ended on that date. However, Eric S. Browne & Co., Webs[illegible] auditors throughout the five years and nine months ended 31st May, 1973, were able to examine the s[illegible] figures during this period and they expressed unqualified opinions on the accounts.

Accounting policies

The accounting policies adopted by Webster are the same as those adopted by G. A. Robinson G[illegible] Limited. The principal accounting policies adopted by Webster are:—

(a) Turnover represents the net billings for goods despatched and services rendered to third parties d[illegible] each period.

(b) Stock is stated at the lower of cost (on a first-in, first-out basis) or net realisable value.

(c) Property, plant and equipment is stated at cost. Depreciation has been provided at the follo[illegible] approximate annual rates on a reducing balance basis, to write-off the cost of the assets over [illegible] estimated useful lives:

	Per cent.
Fixtures and fittings	15
Motor vehicles	25

(d) Deferred taxation represents taxation deferred as a result of tax allowances for property, plant [illegible] equipment exceeding the depreciation provided in the accounts. No deferred taxation has been prov[illegible] prior to 31st August, 1972, but the effect of so providing would be immaterial.

Profits

In our opinion the following statement of profits for the nine months ended 31st May, 1973, giv[illegible] true and fair view of the loss of Webster for that period, on the basis defined in "Accounting Polic[illegible] above and the notes below. In the opinion of Eric S. Browne & Co. the following statement of profits [illegible] the five years ended 31st August, 1972, also gives a true and fair view of the profits of Webster for t[illegible] years on the same basis, but, for the reason stated above, Arthur Andersen & Co. are unable to expres[illegible] opinion on the profits for those years:—

Year to 31st August £'000	1968	1969	1970	1971	1972	9 months to 31st M[illegible]
Turnover	131	172	204	214	169	[illegible]
Cost of sales and expenses excluding the following items	117	151	176	178	138	[illegible]
Operating profit before charging the following items	14	21	28	36	31	[illegible]
Bank and hire purchase interest	1	1	1	2	5	[illegible]
Depreciation	2	3	2	7	4	[illegible]
Management charge (Note 2)	—	—	—	—	—	[illegible]
Profit (loss) before directors' emoluments, taxation and extraordinary items	11	17	25	27	22	[illegible]
Directors' emoluments (Note 3)	11	12	15	24	10	[illegible]
Profit (loss) before taxation and extraordinary items	—	5	10	3	12	[illegible]
Provision for (benefit of) taxation	1	3	5	2	6	[illegible]
Profit (loss) before extraordinary items	(1)	2	5	1	6	[illegible]
Extraordinary items (Note 4)	3	—	—	—	—	[illegible]
Net profit (loss) (Note 5)	2	2	5	1	6	[illegible]

Notes:

1. The results set out above are based on the audited accounts of Webster.

2. The management charge of £9,000 in the nine months ended 31st May, 1973, represents an am[illegible] payable to G. A. Robinson Group Limited for managerial services rendered.

3. The aggregate emoluments of the directors of Webster under arrangements now in force w[illegible] have amounted in a full year to £6,600.

4. The extraordinary credit in the year ended 31st August, 1968, represents compensation received [illegible] a customer in consideration of the cancellation of a long term contract. This is shown net of re[illegible] taxation. The extraordinary charge in the nine months ended 31st May, 1973, represents a provision [illegible] anticipated losses on the disposal of certain property, plant and equipment.

5. No dividends have been paid or proposed by Webster.

Balance Sheets

In our opinion the following balance sheets at 31st May, 1973, and 31st August, 1972, give a [illegible] and fair view of the state of affairs of Webster at those dates on the basis defined in "Accoun[illegible] Policies" above and the notes below. In the opinion of Eric S. Browne & Co. the following balance sh[illegible] at the earlier accounting dates also give a true and fair view of the state of affairs of Webster at th[illegible] dates on the same basis but, for the reason stated above, Arthur Andersen & Co. are unable to exp[illegible] an opinion on the balance sheets at those dates.

Continued on next page

6

oncorde wins friends in U.S.

MICHAEL DONNE, AEROSPACE CORRESPONDENT

RDE ARRIVES back at rly to-day after its brief sit, which appears to have much of public opinion n its favour.

aviation officials com- while Concorde was at Airport, Washington, that raft was "gradually over-" the grudges expressed supersonic airliners "and nd more favourable com- being heard."

William Flener, the act- sociate administrator for ons in the Federal n Administration, said: a technical point of view e heard no complaint of r anything else.

far as we are concerned, ncorde made a perfectly landing at Washington's tional airport here yester- l there were no problems. ry respect we studied ere no problems."

obert Timm, chairman of the U.S. Civil Aeronautics Board, who flew aboard Concorde from Dallas to Washington, said his response was "positive," and he had called his senior staff together to tell them so.

Mr. Timm said he was particularly impressed by Concorde's "great unleashed power" on take-off, "and the landing was like a feather." He added: "The supersonic concept is here and the supersonic airliner is here. I have no doubts in my mind that supersonic air travel has come to stay."

Several hundreds of senior U.S. aviation officials have inspected Concorde at Dulles.

The aircraft leaves this morning for Paris and aims to make the 3,332-mile journey in little more than three hours, or half the normal subsonic jet travel time.

Aboard the aircraft will be many U.S. guests, including senior Senators and Government officials concerned with aviation affairs, along with representatives of the two manufacturers, British Aircraft Corporation and Aérospatiale, and the two flag airlines, Air France and British Airways.

BUSINESS TRAVEL MAGAZINE

British Airways is to introduce a prestige magazine for the business travel market, replacing the current BOAC and BEA publications Incentive and Agenda.

To be called Executive, it will be published bi-monthly beginning in April 1974, and will offer readers and advertisers the choice of either a European/U.K. edition or an International (ex-Europe) edition.

British Airways plans more advance bookings

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS Overseas Division (formerly BOAC) plans a big increase in passengers carried next year on cheap-fare transatlantic "Advanced Booking Charters."

During the present summer season, British Airways has carried about 36,000 advanced-booking-charter passengers across the Atlantic, and the plan is to raise this to 60,000 next year.

The return fares, London-New York, will range from £58 return in the off-peak season to £82 in the few midsummer peak weeks. London-Toronto fares will range from £60 return to £85 at the peak. Similar fares will be available from Prestwick and Manchester.

These fares are broadly the same as charged this year. British Airways has decided to hold fares at these levels, in the light of competition from other airlines and tour-organisers, despite rising costs.

The flights will be bookable through British Airways' subsidiary, Overseas Air Travel, and travel agents. Passengers do not have to be members of a special club or group.

Seats must be booked 90 days in advance, but a partial refund will be made if a booking is cancelled more than two months before the flight. The fares involve a minimum stay of two weeks.

By confining its advance-booking operations to New York and Toronto, British Airways can offer virtually daily departures to each destination, using Boeing 747 Jumbo jets, Boeing 707s and VC-10s.

Threat to public schools 'is vandalism'

LABOUR PARTY proposals to abolish public schools and fee-paying education were called "vandalism" last night by Mr. Frank Fisher, chairman of the Headmasters' Conference. He accused Labour's education spokesman, Mr. Roy Hattersley, of proposing "an act of educational vandalism unparalleled in the history of the free world."

First there would be guerilla warfare in the shape of financial measures aimed at reducing numbers—then abolition, Mr. Fisher warned at the conference's annual meeting in Cambridge.

Mr. Hattersley's dream was to establish equality in education. "It is to be pursued by imposing on all children a State-controlled and fundamentally uniform system of education," Mr. Fisher declared.

A year ago Mr. Wilson, talking about the Industrial Relations Act, said any law which was totally unacceptable to the section of the community at which it was aimed, was a bad law, said Mr. Fisher. "Yet his party is intending to pass a law totally unacceptable to that section of the community which chooses independent education for its children."

Freedom

It was right to protect the freedom of the docker and the trade unionist but those who came from a different section of society were equally entitled to their freedom.

Mr. Fisher, who is Master of Wellington College, Crowthorne, Berkshire, said any political party with a real responsibility to the children of the country would decide now what their policy should be, to preserve what was good and to devote all available resources of the nation to remedy the obvious ills.

That was the policy of Mrs. Margaret Thatcher, the Education Secretary, he claimed. She deserved greater support for her policies. He outlined grounds on which the independent sector would oppose the threat of an abolition, and said: "We shall not surrender our independence."

Parents should have a much clearer right to stipulate the kind of education they want for their children and it should be written into a new Education Act, "PEST" (Pressure for Economic and Social Toryism) says in a new pamphlet, "Schools of our Choice."

It should be done in such a way that it would give practical guidance to the courts if they were called on to settle disputes.

It proposes that parents should be able to choose between schools that believe in traditional academic disciplines and those with progressive teaching methods.

. A. Robinson Group Limited continued

	1967	1968	1969	1970	1971	1972	1973
	31st August £'000						31st May £'000
ssets							
	—	—	—	1	—	1	4
rs	21	30	42	57	61	38	52
(Note 2)	—	—	—	—	—	13	12
	25	27	22	19	38	61	65
	46	57	64	77	99	115	137
abilities							
overdraft (Note 3)	3	6	10	10	29	43	62
rs	43	49	44	52	66	65	74
(Note 2)	2	2	6	8	5	2	—
on	1	3	6	5	3	4	1
	49	60	66	75	103	117	137
nt assets (liabilities)	(3)	(3)	(2)	2	(4)	(4)	—
plant and equipment							
t—							
asehold improvements	—	—	—	—	—	5	5
xtures and fittings	2	4	4	3	5	7	8
tor vehicles	5	6	7	10	17	19	9
	7	10	11	13	22	31	22
ulated depreciation	(2)	(3)	(3)	(4)	(6)	(8)	(12)
	5	7	8	9	16	23	10
ed taxation	—	—	—	—	—	1	2
	2	4	6	11	12	18	8
ng.							
pital (Note 4)	1	1	1	1	1	1	1
d profit	1	3	5	10	11	17	7
	2	4	6	11	12	18	8

balance sheets set out above are based on the audited accounts of Webster.

oans represent advances to and from directors, which have been repaid since 31st May, 1973.

bank overdraft is secured by a first fixed charge on property, plant and equipment and book ating charge on all Webster's other assets and by an unlimited guarantee given by one director.

share capital authorised, issued and fully paid at 31st May, 1973, was 1,000 ordinary shares of

ted accounts have been prepared by Webster since 31st May, 1973.

Yours faithfully,

ROWNE & CO.,
d Accountants.

ARTHUR ANDERSEN & CO.,
Chartered Accountants.

IES AND ASSOCIATED COMPANY

sidiaries of the Enlarged Group, all of which are private companies incorporated in England wise stated and all of which are wholly owned, are listed below together in each case with share capital and date of incorporation.

of the Company	Issued and paid up share capital £	Date of incorporation
binson Nederland B.V. (formerly Cirar Holding 2 B.V.) (Incorporated e Netherlands)	D.fl.3,000,000	21. 5.73
obinson (Tools) Limited	2	11.12.71
Walker & Sons (Birmingham) Limited	76,520	7.11.10
ker (Retail) Limited (formerly J. C. Baker Limited)	72	23. 4.70
(Exhausts & Brakes) Limited (Incorporated in Scotland)	700	31.12.60
Tools Limited (formerly Automotive & Engineering Supplies & rs) Limited)	42,000	7. 5.71
ebster & Sons Limited	2,000	9. 6.64
ll Manor Developments Limited	100	17. 9.71
's Holiday Camps Limited	50,000	11. 9.63
ton Engineering Company Limited	300	20. 8.54
of Listers Tools Limited		
ve & Engineering Supplies & Services Limited (formerly Listers s Limited)	82,285	4. 1.39
al Service & Co. Limited	215	5. 9.66
Foxall (Tools) Limited	2,000	4. 3.66
Bond Limited	11,799	23. 3.49
Limited	2	23. 3.71
ucester Small Tool Company Limited	1,000	20. 2.67
& Sutcliffe Limited	30,000	25. 7.54
Exhaust Company Limited	2	30. 3.71
ngs & Co. Limited	2,648	2.11.55
f G. A. Robinson Nederland B.V.		
he Handelmaatschappij Van Rooy Dorsman B.V. (Incorporated in Netherlands)	D.fl.201,000	20. 3.55
f Technische Handelmaatschappij Van Rooy Dorsman B.V.		
B.V. (Incorporated in the Netherlands)	D.fl.101,000	17. 1.55
of J. C. Baker (Retail) Limited		
ker Limited (formerly J. C. Baker (Retail) Limited)	10,000	26. 7.62
Brothers Installations Limited	2	24. 4.70
Brothers Limited	12,000	2. 2.10
ker and Herbert Bale Limited	4,482	27. 9.34
C. Baker Finance Company Limited	3,000	3. 2.64
ker Installations Limited	10,000	28. 7.62
Handyman Limited	1,000	17. 9.64
wich Limited	10,000	14. 2.59
Bags Limited	8,500	16. 7.22
ompany		
Brakes & Tyres Co. Limited	40,000*	19. 3.73

at the company is non-trading.
ned by the Company. Details of the shareholdings appear under Contract 20 below. No change place since the date of contract.

HANGES

changes which have taken place in the share capital of the Company during the last two years ws:—

	Details	Authorised £	Issued: Preference shares of 25p each No. of shares	Issued: Ordinary shares of 25p each No. of shares
	Balance	430,000	145,000	932,000
	Acquisition of Sandicroft (part)			57,222
	Increase to	1,000,000		
	Conversion of preference shares		(145,000)	145,000
	Acquisition of AESS			1,075,000
	Acquisition of Baker			74,074
	Acquisition of Walker			177,778
	Acquisition of Sandicroft (part)			142,667
		1,000,000		2,606,832
ssued	Acquisition of Kwik-Fit			234,487
ssued	Proposed rights issue			461,500
		1,000,000		3,302,825

th March, 1973, 70 new ordinary shares of £1 each of Baker were issued for cash at a premium paid up by the capitalisation of £70,000, being part of the amount standing to the credit of an account.

ot disclosed herein there have been no significant changes in the share capital of the companies r will become, following completion of Contracts 22 and 24 below, subsidiaries of the Company eriod of two years preceding the date of this document.

Head office of the Enlarged Group at Wednesfield Road, Wolverhampton, is under construction ticipated that it will be ready for occupation by the end of November, 1973. It is freehold and area of 15,000 square feet of which 8,476 square feet will be offices and 6,330 square feet will use.

tools and cutting tools division, excluding Webster and Walker, operates from twelve premises, en are freehold, two long leasehold and the remainder held on leases from seven to twenty-one total rent payable in respect of these properties is currently £5,973 per annum. None of these ne minor exception, is due for review before 1978.

facturing business of Walker is carried on from its freehold premises at Warwick Road, Tyseley, comprising a total of 22,000 sq. ft.

cipal premises of the do-it-yourself division are the retail shop at 19-22 Farrier Street, Worcester, 411 sq. ft. and held under a forty-two year lease from 25th December, 1972, at an annual rent d the warehouse at Little London, Worcester, comprising 23,000 sq. ft. held under a twenty-one rom 25th December, 1972, at an annual rent of £8,000; part of these premises are sublet for a rent of £2,150. The total rents payable in respect of the properties occupied by the division is [illegible] and none of them is due for review before 1975.

ies development division has office premises at 40/42 Washway Road, Sale, Cheshire, held under year lease from 24th June, 1969, at a rent of £1,640 per annum.

set out below details of the premises owned or occupied by Dorsman, Kwik-Fit and Webster.

Location	Description	Approximate Area (sq. ft.)	Tenure
n 60 Amsterdam ds	Land	40,380	Leasehold—50 years from 16th May, 1964, at an annual rent of D.fl. 15,800 (£2,228 p.a.).
	Warehouse and offices	43,865	Situated on the above land.
	Option Land (behind the above building)	21,280	Dorsman has an option (renewable annually) to take a lease of this land for 30 years at an option rent of D.fl. 15,770 p.a. (£2,244 p.a.). The rent is subject to indexation adjustment at five-yearly intervals.
n Road, Edinburgh	Head Office and bulk warehouse	6,340	Leasehold—26 years from 28th September, 1973, at an annual exclusive rent of £2,500 subject to review at 5, 12 and 19 years. (Notes 1 and 2.)
6 McDonald Road, Edinburgh	Service depot	4,920	Leasehold—26 years from 28th September, 1973, at a commencing exclusive annual rent of £2,000 subject to review at 5, 12 and 19 years. (Note 1.)
8 McDonald Road and 28 Hopetoun Crescent, Edinburgh		12,920	Feu (subject to option to purchase in favour of Mrs. A. Farmer for £22,000 in which event Mrs. Farmer will grant a 26-year lease from the date of exercise of the option at a rent of £2,250 per annum subject to review at 5, 12 and 19 years) part let for 21 years from 1st August, 1968, at a rent of £700 per annum. (Notes 1 and 3.)
19c Strathearn Road, Edinburgh	Service depot	12,570	Leasehold—26 years from 28th September, 1973, at an annual exclusive rent of £4,250 subject to review at 5, 12 and 19 years. (Note 1.)
2, 4 & 6 Anderson Street, Kirkcaldy, Fife	Service depot	5,660	Leasehold—26 years from 28th September, 1973, at an annual exclusive rent of £2,000 subject to review at 5, 12 and 19 years. (Note 1.)
5 Reid Street, Dunfermline	Service depot	3,900	Leasehold—26 years from 28th September, 1973, at an annual exclusive rent of £1,500 subject to review at 5, 12 and 19 years. (Notes 1 and 4.)
33-35 Mid Street, Bathgate	Service depot	3,250	Leasehold—26 years from 28th September, 1973, at an annual exclusive rent of £1,500 subject to review at 5, 12 and 19 years. (Notes 1 and 5.)
Croft Street and Parkside Place, Dalkeith	Service depot	7,650	Leasehold—26 years from 26th September, 1972, at an annual exclusive rent of £1,500 subject to review at 5, 12 and 19 years.
Blackhall Garage, Telford Road, Edinburgh	Service depot	21,500	Licence agreement to use the premises for 3 years from 1st January, 1971, subject to one month's notice of termination at an annual rent of £1,000. (Note 6.)
2 Strathbrock Place, Broxburn	Service depot	350	Leasehold—5 years from 15th April, 1969, at an annual exclusive rent of £75.
Alexander Street Service Station, Airdrie	Service depot	10,650	Leasehold—3 years from 15th September, 1972, at an annual exclusive rent of £3,000 for the first two years and £3,500 for the final year.

Notes:

1. The reversions in these properties are owned by Mrs. A. Farmer (wife of Mr. T. Farmer, a director of the Company) and by the terms of the contract dated 20th June, 1973 (Contract 23 below) it was agreed that Kwik-Fit would enter into the above leases on completion. A valuation by Kenneth Ryden and Partners, Chartered Surveyors, has confirmed that the rents payable in respect of the premises leased or to be leased by Mrs. Farmer do not exceed the open market rents. Such valuation is available for inspection as mentioned below.

2. This property was purchased by Mrs. A. Farmer from a third party on 17th May, 1973, at a price of £19,000.

3. This property was purchased by Mrs. A. Farmer on 29th June, 1972, at a price of £22,000. On 31st October, 1972, she executed a declaration of trust in favour of Kwik-Fit for the same price and Kwik-Fit granted an option to her to repurchase the property at the price of £22,000, such option to be exercisable up to 31st October, 1975. (Contract 15 below.)

4. This property was purchased by Mrs. A. Farmer from a third party on 1st November, 1971, at a price of £5,000.

5. This property was purchased by Mrs. A. Farmer from a third party on 1st January, 1972, at a price of £4,000.

6. Mrs. A. Farmer has agreed, subject to contract, to purchase the property of which these premises occupied by Kwik-Fit form part, from a third party at a price of £40,000. In the event of this purchase proceeding, Mrs. Farmer will grant a lease to Kwik-Fit of that part of the property now occupied by it for a term of 26 years at an open market rent with reviews at 5, 12 and 19 years.

(iii) Webster

North Florida Road Haydock Park, Lancashire	Warehouse	6,5[illegible]	Leasehold—21 years from 12th July, 1972, at an annual exclusive rent of [illegible], subject to five-yearly reviews.

ARTICLES OF ASSOCIATION

The Articles of Association of the Company contain provisions inter alia to the following effect:—

(A) Subject to the provisions of the Companies Act 1948 all or any of the rights or privileges for the time being attached to any share or class of shares may be varied or abrogated with the consent in writing of the holders of not less than three-fourths of the issued shares of the class or with the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of the shares of the class. To every such separate meeting the provisions of the Articles relating to General Meetings shall mutatis mutandis apply, but so that the necessary quorum shall be persons holding or representing by proxy one-third of the capital paid up on the issued shares of the class.

(B) Subject to any special rights, privileges or restrictions as to voting for the time being attached to any special class of shares, at any General Meeting on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by proxy or by a representative duly authorised under section 139 of the Companies Act, 1948, not being himself a member shall have one vote and in case of a poll every member present in person or by proxy shall have one vote for every 25p nominal amount of shares of any class of which he is the holder.

(C) A Director shall not be required to hold any qualification shares.

(D) The Board may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures and other securities. The Board shall secure that the aggregate amount for the time being outstanding in respect of moneys borrowed by the Company and/or any of its subsidiary companies (other than inter-company loans) shall not at any time, without the previous sanction of the Company in General Meeting, exceed an amount equal to 2 times the aggregate of the nominal amount of the share capital of the Company for the time being issued and paid up and the total of the amounts for the time being standing to the credit of the capital and revenue reserves of the Company and its subsidiaries.

(E) The remuneration of the Directors shall from time to time be determined by the Company in General Meeting and any such remuneration shall (unless otherwise directed by the resolution by which it is voted) be divided amongst the Directors as they shall agree, or failing agreement, equally. The Directors shall also be entitled to be repaid all travelling and hotel expenses incurred by them respectively in or about the performance of their duties as Directors, including their expenses of travelling to and from Board Meetings, Committee Meetings or General Meetings, or otherwise incurred while engaged on the business of the Company. If by arrangement with the other Directors any Director shall perform or render any special duties or services outside his ordinary duties as a Director, the Board may pay him special remuneration, in addition to any fees or ordinary remuneration, and such special remuneration may be by way of salary, commission, participation in profits or otherwise as may be arranged, and shall be charged as part of the Company's ordinary working expenses.

(F) The Board has power to pay pensions or other retirement benefits to, inter alia, Directors and ex-Directors of the Company and its subsidiary and associated companies holding or who have held any salaried employment or office and their wives, widows, families and dependants.

(G) A Director may be appointed by the Board to any office or place of profit under the Company (except that of auditor) for such period on such terms and at such remuneration as the Board may determine.

(H) No Director or intending Director shall be disqualified by his office from contracting with the Company nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way directly or indirectly interested be liable to be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised thereby, save that the nature of his interest must be declared by the Director at the meeting of the Board when the contract or arrangement is first taken into consideration or at the first meeting of the Board held after the Director became so interested.

(I) Save as provided below, a Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(J) A Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters namely:—

(1) the giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;

(2) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(3) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as participant in underwriting or sub-underwriting thereof;

(4) any proposal concerning any other company in which he is interested, directly or indirectly, and whether as an officer or shareholder or otherwise howsoever, but is not the holder of or beneficially interested in 1 per cent. or more of the issued shares of any class of such company or of any third company through which his interest is derived;

(5) any proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval by the Board of Inland Revenue for taxation purposes.

(K) Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each Director separately and in such case each of the Directors concerned (if not debarred from voting under paragraph (J) (4) above) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

(L) If any question shall arise at any meeting as to the materiality of a Director's interest or as to the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the Chairman of the meeting and his ruling in relation to any other Director shall be final and conclusive except in a case where the nature or extent of the interests of the Director concerned have not been fairly disclosed.

(M) The Company may by ordinary Resolution suspend or relax the provisions summarised under paragraphs (G), (H), (I), (J), (K) and (L) above to any extent or ratify any transaction not duly authorised by reason of a contravention of such provisions.

The Articles of Association of the Company do not contain any provision to exclude the operation of Section 185 of the Companies Act, 1948 and accordingly special notice will be required of any resolution appointing or approving the appointment of a Director who is over 70 years of age.

MATERIAL CONTRACTS

The following Contracts (not being contracts in the ordinary course of business) have been entered into within the period of two years immediately preceding the date of this document and are or may be material:—

1. Dated 15th October, 1971, between [illegible] (1) and Nationwide Brake & Tyre Centre Limited (2) being a contract for the sale of property situate at [illegible] Lane, Union Street, Northwestern Street and Jowett Street, Manchester, at Park Road, Liverpool, and at Lichfield Street, Stoke-on-Trent, together with the stock in trade of the businesses carried on in those properties at the price of £129,749.
2. Dated 15th October, 1971, between [illegible] (1) and Nationwide Brake & Tyre Centre Limited (2) being a contract for the sale of Town Service Station, Leeds Road, Huddersfield, Yorkshire for the price of £33,000.
3. Dated 21st October, 1971, between S. E. Boler and P. F. Halliwell (1) and AESS (2) being an Agreement whereby AESS acquired the whole of the issued share capital of Transweld for £215.
4. Dated 21st October, 1971, being a letter whereby the Company agreed to pay Mr. G. A. Robinson 15,000 compensation for loss of office subject to shareholders' approval, which approval was given at the Annual General Meeting of the Company held on 24th February, 1972.
5. Dated 28th January, 1972, between the Company (1) and AESS (2) being an Agreement whereby the Company sold and AESS acquired the whole of the issued share capital of Benson for £29,444.
6. Dated 17th February, 1972, by Transweld being a Supplemental Instrument creating a Floating Charge for further securing the £90,000 authorised Debenture Stock of AESS.
7. Dated 13th March, 1972, between S. R. Baker (70 per cent.) and I. Blenkinsop (30 per cent.) (1) and the Company (2) being an Agreement whereby the Company acquired the whole of the issued share capital of Sandicroft for £17,800 in cash on completion and with provision for the allotment of a number of Ordinary shares of 25p each of the Company at 75p per share calculated at the rate of two such shares for every £3.00 of the net profit before tax of Sandicroft for the year ending 28th February, 1973, with a maximum of 200,000 shares.
8. Dated 16th March, 1972, between G. J. Gittings, E. J. Gittings, E. M. Gittings and J. H. C. Gittings (1) and AESS (2) being an Agreement whereby AESS acquired the whole of the issued share capital of Gittings for £35,000 satisfied by the issue of 10,000 Redeemable Preference Shares of £1 each in AESS and £45,000 in cash.
9. Dated 29th March, 1972, between S. E. Davies, R. W. Hambley, H. C. Adams (1) and AESS (2) being an Agreement whereby AESS acquired the whole of the issued share capital of Gloucester for £17,202 in cash.
10. Dated 30th March, 1972, by AESS being an Instrument constituting and securing £140,000 Second Debenture Stock of AESS.
11. Dated 11th August, 1972, between D. Sutcliffe and E. N. Sutcliffe (1), D. Sutcliffe, M. D. Sutcliffe, C. Rathmell, L. N. Sutcliffe and Z. M. Parker (2) and AESS (3) being an Agreement whereby AESS acquired the whole of the issued share capital of Gregory & Sutcliffe for the sum of £160,000 in cash.
12. Dated 29th September, 1972, between Listers (1) and McNeal Construction Co. Limited (2) for the construction at Wednesfield Road, Wolverhampton, of a two-storey office building and distribution warehouse for £59,235; and dated 29th September, 1972, between Wolverhampton Corporation (1) and Listers (2) being a contract for the purchase of approximately 1 acre of land fronting Wednesfield Road, Wolverhampton, for £35,000.
13. Dated 10th October, 1972, between Camps (1) and James Simpson Trustees Limited (2) being a Contract for the sale of Plas Coch Llanedwen, Anglesey, together with the caravans thereat for the sum of £185,000 in cash.
14. Dated 12th October, 1972, between S. E. Boler (51 per cent.) Midland Montagu (30 per cent.) K. R. Icke (7.5 per cent.) C. R. Jeffs (7.5 per cent.) and P. F. Halliwell (4 per cent.) (1) and the Company (2) for the acquisition by the Company of the issued ordinary and non-cumulative preference shares of AESS: the percentages of the issued share capital of AESS owned by the vendors being stated in brackets after their respective names; and dated 2nd November, 1972, between G. J. Gittings (1) and the Company (2) for the acquisition by the Company of the issued redeemable cumulative preference shares of AESS. The total number of ordinary shares of the Company issued as consideration for the acquisition of AESS was 1,075,000 at a price of 125 pence per share.
15. Dated 31st October, 1972, being a minute of the board of Kwik-Fit granting an option to Mrs. A. Farmer to purchase 8 McDonald Road and 28 Hopetoun Crescent, Edinburgh, at a price of £22,000, such option to be exercisable up to 31st October, 1975.
16. Dated 30th November, 1972 between AESS (1) Prestige, Blueness Limited and Transweld (2) Benson, Foxall, Gittings, Gloucester, Imports and Gregory & Sutcliffe (3) and the Company, Camps, GAR Tools and Sandicroft (4) being a supplemental instrument amending the interests and repayment terms of the £90,000 authorised Debenture Stock of AESS and further securing the same by Floating Charges over these companies named in (3) and Guarantees from those companies named in (4). The interest rate is 2 per cent. per annum above the Midland Bank Limited base rate, with a minimum of 9 per cent.
17. Dated 30th November, 1972, between AESS (1) Listers, Transweld, Benson, Foxall, Imports and Gregory & Sutcliffe (2) and the Company, Camps, GAR Tools and Sandicroft (3) being a supplemental instrument amending the interest and repayment terms of the £140,000 Second Debenture Stock of AESS and further securing the same by Guarantees from and Floating Charges over those companies named in (2) and by Guarantees from those companies named in (3). The interest rate is 2 per cent. per annum above the Midland Bank Limited base rate, with a minimum of 9 per cent.
18. Dated 12th February, 1973, between The John Stait Group Limited (1) and the Company (2) being an Agreement whereby the Company acquired the whole of the issued share capital of Baker for £100,000 satisfied by the issue of 74,074 ordinary shares of 25p each in the Company.
19. Dated 14th February, 1973, between J. S. Walker, S. R. Walker, R. L. Walker, E. C. Walker, D. S. Walker and R. Norton (1) and the Company (2) being an Agreement whereby the Company acquired the whole of the issued share capital of Walker for £240,000 satisfied by the issue of 177,778 ordinary shares of 25p each in the Company.
20. Dated 14th May, 1973, between Midland Montagu (1), the Company (2), John Anthony Ainsworth (3), Geoffrey William Stevenson (4) and Hi-Way (formerly Nellvale Limited) (5) being a subscription agreement whereby the Company agreed to subscribe for 10,000 ordinary shares of £1 each for cash at par out of a total 40,000 issued Ordinary Shares of £1 each in the capital of Hi-Way and £10,000 Second Debenture Stock of Hi-Way, and Midland Montagu, Mr. Ainsworth and Mr. Stevenson each subscribed for 10,500, 9,750 and 9,750 shares respectively.
21. Dated 13th June, 1973, between the Company (1) and the Secretary of State for Social Services (2) being the contract whereby the Company sold 315 Hartshill Road, Stoke-on-Trent, for £31,500 payable in cash.
22. Dated 18th June, 1973, between AESS (1) and the Talbex Group Limited (2) being the contract whereby AESS sold the whole of the issued share capital of Imports and 60 per cent. of the issued share capital of Kingcraft to The Talbex Group Limited for a consideration consisting of the issue of 360,005 Ordinary Shares of 5p each in The Talbex Group Limited.
23. Dated 20th June, 1973, between Thomas Farmer (75 per cent.), Gerald Thomas Farmer (15 per cent.) and Rodger Steedman (10 per cent.) (1) and the Company (2) and a supplemental agreement dated 31st August, 1973, between the same parties, being the conditional contract for the acquisition by the Company of the whole of the issued share capital of Kwik-Fit, the terms of which are set out under "Terms of Acquisitions and Disposals" above.
24. Dated 20th June, 1973, between GAR B.V. (1), the Company (2), O. W. C. Dorsman (3), and Dorsman (4), being the conditional contract for the acquisition by GAR B.V. of the issued share capital of Dorsman the terms of which are set out under the "Terms of Acquisitions and Disposals" above.
25. Dated 22nd June, 1973, between the Company (1) and Ridgeville Properties Limited (2) being the contract whereby the Company sold the Caravan Park and Sandy Bay Hotel at Towyn near Rhyl, and the businesses carried on thereat for £400,000 in cash.
26. Dated 16th July, 1973, between Roy Douglas Webster, Snr. (20.3 per cent.), Mair Webster (24.7 per cent.), Roy Douglas Webster, Jnr. (20 per cent.), Tom Randal Webster (20 per cent.) and John Richard Webster (5 per cent.) (1) and the Company (2) being the contract for the acquisition by the Company of the whole of the issued share capital of Webster the terms of which are set out under "Terms of Acquisitions and Disposals" above.
27. Dated 7th September, 1973, between the Company (1), the directors of the Company (2) and Samuel Montagu & Co. Limited (3) being the agreement whereby Samuel Montagu & Co. Limited has agreed to underwrite 318,000 new ordinary shares for a commission of 1½ per cent. of the subscription price of such shares. Samuel Montagu & Co. Limited will pay a sub-underwriting commission of 1¼ per cent. on the subscription price of the 318,000 new ordinary shares and its own legal expenses. Samuel Montagu & Co. Limited will receive a fee for their services in connection with the re-admission. The Company and certain of the directors of the Company gave warranties.
28. Letters dated 12th June, 1973 and 25th June 1973 from Pierson Heldring & Pierson (2) being an agreement whereby Pierson, Heldring & Pierson has agreed to lend GAR B.V. the sum of D.fl.5,000,000 to finance part of the consideration for the purchase of Dorsman. The loan which must be taken up before 30th September, 1973, will be repayable at the rate of D.fl.1,000,000 per annum in each of the years 1977, 1978 and 1979 with a final payment of D.fl.2,000,000 in 1980. A non-recurring acceptance fee of ½ per cent. on D.fl.5,000,000 will be payable when the loan is taken up. Interest will be payable at the rate of 7½ per cent. per annum.

Note:

Contracts 18, 19, 22, 23, 24 and 26 contain the usual commercial warranties and indemnities in respect of estate duty and taxation.

DIRECTORS' INTERESTS AND SUBSTANTIAL SHAREHOLDINGS

The interests of the directors of the Company in the issued share capital of the Company (to be shown in the register of directors' shareholdings maintained under the provisions of the Companies Act 1967) will, immediately following completion of the Purchase Agreements, be as follows:—

Name	No. of ordinary shares of 25p each Beneficial
D. A. Boothman	—
S. E. Boler	564,850
K. R. Icke	76,220
I. Blenkinsop	129,675
T. Farmer	175,562
E. Landau	—
M. R. Cumming	4,000

Mr. D. A. Boothman and Mr. E. Landau and their respective families together hold a 94 per cent. interest in the issued share capital of Cranleigh (an industrial holding company which is listed on The Stock Exchange) which in turn owns 571,637 ordinary shares of the Company. Cranleigh has undertaken to take up and pay for a minimum of 100,000 additional new ordinary shares under the rights issue out of their entitlement to 142,914 new ordinary shares. Cranleigh will receive fees for Mr. Landau's services to the Company.

Midland Montagu owns 256,040 ordinary shares of the Company and has undertaken to take up and pay for a minimum of 42,500 additional new ordinary shares under the rights issue out of their entitlement to 64,010 new ordinary shares. Mr. M. R. Cumming is a director of Midland Montagu and has undertaken to take up and pay for his entitlement to 1,000 new ordinary shares under the rights issue.

Mr. S. E. Boler, Mr. K. R. Icke and Midland Montagu own £6,000, £9,500 and £189,600 debenture stock in AESS respectively.

Mr. T. Farmer is interested in the agreement for the acquisition of Kwik-Fit as the vendor of 75 per cent. of the issued share capital of Kwik-Fit. His wife Mrs. A. Farmer is interested in certain of the properties occupied by Kwik-Fit as specified in "Premises" above.

Mr. D. A. Boothman is a partner in Singleton, Fabian, Derbyshire & Co., which will receive fees for Mr. Boothman's services to the Company.

Certain of the directors were interested in the material contracts 3, 7, 14, 15 and 23.

Save as disclosed herein

(i) the directors of the Company know of no person or body corporate holding 10 per cent. or more of the issued share capital of the Company;

(ii) since 24th September, 1971, none of the directors of the Company had or have any interest in any assets acquired, disposed of by, or leased to, or proposed to be acquired, disposed of by, or leased to any company in the Enlarged Group;

(iii) there are no contracts or arrangements subsisting at the date hereof in which any director of the Company is materially interested and which is significant in relation to the businesses of the Enlarged Group taken as a whole.

DIRECTORS' SERVICE AGREEMENTS

Listed below are particulars of the only service agreements entered into by the directors with the Company or any of its subsidiaries within the Enlarged Group:—

Director	Salary	Date	Expiry
S. E. Boler	£10,000 p.a.	30th November, 1972	On six months' notice after 31 August, 1977.
K. R. Icke	£5,000 p.a.	30th November, 1972	On six months' notice after 31st August, 1977.
I. Blenkinsop	£5,000 p.a.	26th April, 1972	On three months' notice after 28th February, 1975.
T. Farmer	£9,000 p.a.	On completion of acquisition of Kwik-Fit	On six months' notice after 28th February, 1976.

No director of the Company is entitled to a commission. Copies of these service agreements are available for inspection as mentioned below.

GENERAL

1. All fees and expenses including stamp duty, The Stock Exchange listing fee, printing, advertising and despatch charges arising in connection with the acquisitions of Dorsman, Kwik-Fit and Webster, the disposals of Imports, Kingcraft and the Caravan Park and Sandy Bay Hotel at Towyn, near Rhyl, the rights issue and the application for re-admission to the Official List are estimated to amount to £30,000 and will be paid by the Company.

2. The directors believe that, immediately following the date of this document, and on the basis of the information now available, the Company will not be a "close company" as defined by the Income and Corporation Taxes Act 1970.

3. No share or loan capital of any company in the Enlarged Group is under option or agreed conditionally or unconditionally to be put under option. Save as disclosed herein no share or loan capital of any company in the Enlarged Group has within the two years preceding the publication of this Document been issued or is proposed to be issued either for cash or otherwise and no commission, discounts, brokerages or other special terms have been granted within the said two years by any company in the Enlarged Group in connection with the issue or sale of any part of their respective share capitals.

4. No company in the Enlarged Group has any known litigation or claim of material importance pending or threatened against it.

5. Apart from the issues and proposed issues specified herein no material issue of shares (other than to shareholders pro rata to their existing holdings) will be made within one year without prior approval of the Company in general meeting.

6. No issue of share capital will knowingly be made which could effectively alter the control of the Company or the nature of its business without the prior approval of the shareholders in general meeting.

7. Save as disclosed in this document, the directors are not aware of any material change in the financial position of any company in the Enlarged Group since the date of its last audited accounts.

8. The following have given and have not withdrawn their written consents to the issue of this document with the inclusion of their reports in the form and context in which they appear:—

Sexall & Co. and Arthur Andersen & Co.	Dorsman
J. M. Edmond & Co. and Arthur Andersen & Co.	Kwik-Fit
Eric S. Browne & Co. and Arthur Andersen & Co.	Webster

9. Arthur Andersen & Co. and Samuel Montagu & Co. Limited have given and have not withdrawn their written consent to the issue of this document with the inclusion of their letters, relating to the profit forecast of the Enlarged Group in the form and context in which they appear.

10. Jones, Lang, Wootton B.V. have given and have not withdrawn their written consent to the issue of this document with the inclusion of the reference to their valuation in the form and context in which it appears.

11. Kenneth Ryden and Partners have given and have not withdrawn their written consent to the issue of this document with the inclusion of the reference to their valuation relating to the rents payable on the premises to be leased from Mrs. A. Farmer in the form and context in which it appears.

DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the offices of Clifford-Turner & Co., 11 Old Jewry, London EC2R 8DS and Cranleigh Group Limited, Barnett House, 5th Floor, 53 Fountain Street, Manchester M2 2AS, during normal business hours on any weekday (Saturdays excepted) up to and including 10th October, 1973:—

1. The Memoranda and Articles of Association of the Company, Kwik-Fit and Webster and the Articles of Association of Dorsman and GAR B.V., translated into English.
2. The material contracts mentioned above, including the Purchase Agreements, the Imports Sale Agreement and the Towyn Sale Agreement.
3. The service agreements referred to above.
4. The audited consolidated accounts of the Company and its subsidiaries for the two financial years ended 29th February, 1972, and 28th February, 1973. The audited accounts of Dorsman for the two years ended 31st December, 1971, and 31st December, 1972, translated into English. The audited accounts of Kwik-Fit for the year ended 31st January, 1973, and the four months ended 31st May, 1973. The audited accounts of Webster for the year ended 31st August, 1972, and for the nine months ended 31st May, 1973.
5. The above-mentioned joint reports of Arthur Andersen & Co., Sexall & Co., J. M. Edmond & Co. and Eric S. Browne & Co., together with their written statements showing the adjustments made for the purpose of their reports.
6. The property valuation made by Jones, Lang, Wootton B.V. referred to above.
7. The valuation from Kenneth Ryden and Partners referred to above.
8. The letters relating to the profit forecast.
9. The above-mentioned written consents.
10. The Circular to shareholders dated 13th April, 1972, relating to the acquisition of Sandicroft.
11. The advertisement dated 30th November, 1972.
12. The Circular to shareholders dated 22nd February, 1973, relating to the acquisitions of the Baker Group and Walker.

Dated 24th September, 1973.

This document contains particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information to the public with regard to First Finsbury Trust Limited (the "Company"). The Directors collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Application has been made to the Council of The Stock Exchange for the whole of the share capital of the Company issued and now to be issued and for the 5¾ per cent. Convertible Unsecured Loan Stock 1988/93 (the "Loan Stock") of the Company to be admitted to the Official List. This document is not an invitation to any person to subscribe for or to purchase any share or loan capital.

On 31st August, 1973, the Company entered into a conditional agreement ("the Hutchison Agreement") with John D. Hutchison (U.K.) Limited ("JDH"), to acquire from Whyte, Ridsdale & Company Limited ("Ridsdale"), the whole of the issued share capital of A. Saalheimer, Limited ("Saalheimer") and from Radcliffe Holdings Limited ("Radcliffe") the whole of the issued share capitals of Peter Grenville & Co. Limited ("Grenville") and Pacific Sales Organisation Limited ("PSO") and 75 per cent. of the issued share capital of Alpha Leather Company Limited ("Alpha"). As part of the transaction, the Company is to acquire the benefit of Radcliffe's rights under an option (the "Alpha option") on the balance of the issued share capital of Alpha. Ridsdale and Radcliffe are wholly-owned by JDH which, in turn, is wholly-owned by Hutchison International Limited ("Hutchison") a company incorporated in Hong Kong. Saalheimer, Grenville, PSO and Alpha and their respective subsidiaries are collectively referred to as the "Hutchison Companies". The Hutchison Agreement is now conditional only upon the granting by the Council of The Stock Exchange of a listing for the whole of the issued share capital of the Company, including the shares in the Company to be issued pursuant to the Hutchison Agreement. This document has been prepared on the basis that the Hutchison Companies have already become subsidiaries of the Company and that certain matters agreed to take effect upon the agreement becoming unconditional have already taken effect. The Company and its subsidiaries, together with the Hutchison Companies, are collectively referred to as the "Enlarged Group".

FIRST FINSBURY TRUST LIMITED

(Incorporated in England on 2nd December, 1899 under the Companies Acts 1862 to 1888. Registered Number 64386)

SHARE CAPITAL

Authorised		*Issued and to be issued fully paid*
£1,100,000	in 11,000,000 Ordinary Shares of 10p each	£896,400

LOAN CAPITAL

	Issued
5¾ per cent. Convertible Unsecured Loan Stock 1988/93	£1,123,500

The Enlarged Group had outstanding secured bank loans and overdrafts which on 7th September, 1973, amounted to £408,625 and £971,141 respectively. Save as aforesaid and apart from inter-company obligations the members of the Enlarged Group had no loan capital (either outstanding or created and unissued) nor any mortgages, charges or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, material hire purchase commitments, or guarantees or other material contingent liabilities.

DIRECTORS

Sir DOUGLAS CLAGUE, C.B.E., M.C., Q.P.M., T.D. (Chairman), 26 Middle Gap Road, Hong Kong.

KENNETH RUSSELL CORK, F.C.A. (Deputy Chairman), White Roses, Batchworth Hill, Rickmansworth, Herts.

WILFRED OLIVER BAKER, C.A. (Managing), 125 Blenheim Crescent, London, W.11.

JOHN ALLSOP FERGUSON, C.A., "Bauhinia", Kings Road, Longniddry, East Lothian.

PATRICK VARNELL COLLINGS, M.B.E., D.S.C., 26 High Street, High Wycombe, Bucks.

NORMAN CHARLES PEARSON, O.B.E., 61 Albert Hall Mansions, London S.W.7.

JAMES JACK HORN, 14 Woodlands, London N.W.11.

SECRETARY AND REGISTERED OFFICE

PETER HERBERT REA BAKER, F.C.I.S., M.B.I.M., 63–65 Crutched Friars, London EC3N 2DD.

BANKERS

BARCLAYS BANK LIMITED, P.O. Box 69, 114 Fenchurch Street, London EC3P 3HY.
NATIONAL WESTMINSTER BANK LIMITED, 41 Lothbury, London EC2P 2BP.

BROKERS

ASTAIRE & CO. Limited, 117 Bishopsgate, London EC2M 3TD, and The Stock Exchange.

SOLICITORS

To the Introduction: CLIFFORD-TURNER & CO., 11 Old Jewry, London EC2R 8DS.
To the Company: LINKLATERS & PAINES, Barrington House, 59/67 Gresham Street, London EC2V 7JA.

AUDITORS AND JOINT REPORTING ACCOUNTANTS

MOORE, STEPHENS & CO., Chartered Accountants, Bucklersbury House, London EC4P 4BN.

JOINT REPORTING ACCOUNTANTS

PANNELL FITZPATRICK & CO., Chartered Accountants, Lee House, London Wall, London EC2Y 5AL.

TRUSTEES TO THE LOAN STOCK HOLDERS

COUTTS & CO., Trustee Office, 101 St. Martin's Lane, London WC2N 4AZ.

REGISTRARS AND TRANSFER OFFICE

HILL SAMUEL REGISTRARS LIMITED, 8 Greencoat Place, London SW1P 1PL.

HISTORY AND BUSINESS

The Company

The Company's business was founded in about 1840 for the purpose of offering loan facilities to small shopkeepers and businesses and, in 1899, the Company was incorporated under the name of Liverpool and County Banking Company Limited and changed its name to Liverpool and County Discount Company Limited in 1912. The Company's present name was adopted in 1969.

The Company continued to provide banking and financial services until 1959 when shares in the Company were offered to the public and the Board was re-constituted. The Company's activities were thereafter extended into merchant banking, unit trust management, property ownership and dealing, insurance broking and investment and dealing in securities.

The Company encountered liquidity problems in 1970 and 1971 which were resolved during that period by the sale of the unit trust management companies and a number of properties and securities, together with the discontinuance of merchant banking and a decline in general financing activities. In 1972 25.8 per cent. of the then issued Ordinary shares of the Company and £349,125 of the Loan Stock were acquired by Hutchison. The Company's insurance broking interests were sold in late 1972 and early 1973.

The Company is presently involved in investment and dealing in and development (since early 1973) of properties; investment and dealing in securities; and general financing operations.

The Directors intend to improve the Company's investment property portfolio in order to increase the yield therefrom and to develop selected sites, with joint ventures being entered into where appropriate. The Company's securities investment portfolio is restricted entirely to listed securities with no market sector being concentrated on. The portfolio will be reduced as more profitable general financing outlets become available for the funds which will be released. Dealing in property and securities will constitute a reducing proportion of the Company's future activities.

The Hutchison Companies

The shares in the Hutchison Companies will be purchased with effect from 1st January, 1973, free from all liens or other encumbrances and together with all benefits and rights, for a consideration of £2,454,000 to be satisfied by the issue to Ridsdale and Radcliffe of a total of 4,908,000 Ordinary shares of 10p each in the Company credited as fully paid which will rank pari passu in all respects with the existing issued Ordinary shares in the Company. There is no consideration payable for the benefit of the Alpha option. The Hutchison Agreement contains usual commercial warranties and indemnities against taxation and estate duty. In addition a warranty has been given that the combined audited pre-tax profits (as defined in the Hutchison Agreement) of the Hutchison Companies, after deducting minority interests, for the twelve months ending 31st December, 1973, will be not less than £818,000. Hutchison has undertaken that in the event that the combined pre-tax profits of the Hutchison Companies for that period should be less than the amount so warranted a cash sum equal to three times the amount of the shortfall will be paid to the Company within thirty days of the audited accounts of the Hutchison Companies for the year ending 31st December, 1973, becoming available.

The Alpha option may be exercised at the instance of the Company, or by the minority shareholders in Alpha, within one month after the publication of the accounts of Alpha for the year ending 31st March, 1974. The consideration payable for the balance of the shares in Alpha will be a sum payable in cash equal to five-twelfths of the aggregate of the pre-tax trading profits of Alpha and its subsidiaries for the period from 1st April, 1971 to 31st March, 1974.

Saalheimer, Grenville and PSO and their respective subsidiaries are principally engaged in the distribution in the United Kingdom of toys and fancy goods and are hereafter collectively referred to as the "Toy Companies". Alpha and its subsidiaries, which are referred to as the "Alpha Group", are principally concerned in the processing and distribution of leather and similar products.

The Toy Companies

The turnover and profits before taxation of the Toy Companies in the year ended 31st December, 1972 were as follows:—

	Turnover £'000	Profit before Taxation £'000
Saalheimer	1,794	118
Blue Box	765	63
Grenville	602	36
PSO	386	104
Amak	311	8
	4,358	379

Saalheimer was incorporated in 1948 and carries on the business of importer and distributor of toys and fancy goods. Purchases, which are wholly imported, are mainly from the Far East and sales are to the wholesale trade in the United Kingdom. Saalheimer became a subsidiary of JDH in 1963. Its 92 per cent. owned subsidiary, Blue and Red Box Distributors (U.K.) Limited ("Blue Box"), was incorporated in July, 1968. The 8 per cent. minority shareholding is owned by a Hong Kong company from which many of Blue Box's purchases are obtained. Blue Box imports and distributes toys and fancy goods and is managed by the directors of Saalheimer. Both Blue Box and Saalheimer sell through representatives, with the bulk of their orders being taken at trade shows and exhibitions, and have permanent showrooms in London. No customer of Saalheimer or Blue Box accounts for 10 per cent. or more of their respective sales. Saalheimer purchases 25 per cent. of its goods from one supplier and Blue Box 40 per cent. in aggregate from two suppliers. The Directors of the Company are satisfied that alternative sources of supply are readily available.

Grenville was incorporated in 1959 and carries on the business of wholesaler of fancy goods. Purchasing is in both home and overseas markets and selling is throughout the United Kingdom, mainly to medium sized retail outlets in bulk quantities, through a small number of agents who are paid on a commission basis and whose agencies are terminable by one month's notice by either party. One customer purchased 13 per cent. of Grenville's sales in 1972. Grenville became a wholly-owned subsidiary of Radcliffe in December, 1971.

PSO was incorporated in 1959 by its present joint managing directors to carry on the business of importer and distributor of leather and fancy goods. In the early 1960's PSO entered into an agency agreement for the sole distribution rights in the United Kingdom for all small leather goods exported by the China National Light Industrial Products Import and Export Corporation, Peking. The agreement continues from year to year and is terminable by either party giving two months' notice prior to 31st December in any year. Purchases under this agreement form the bulk of PSO's trade although purchases are made from two other suppliers who are also in the Far East. Sales are made in bulk quantities to substantial retail concerns in the United Kingdom, mainly chain stores. PSO was purchased by Radcliffe as to 75 per cent. in September, 1970, and the remaining 25 per cent. in May, 1973. PSO's wholly-owned subsidiary, Amak Productions Limited ("Amak"), was incorporated in 1954 and manufactures travel and shopping bags under the same management as PSO. Each year PSO and Amak hold a private show in London where the bulk of that year's orders is taken. 58 per cent. of PSO's sales are made to four customers; 13 per cent. of Amak's sales are to one customer.

The profit before taxation of the Toy Companies has increased from approximately £90,000 in the year ended 31st December, 1970, to £379,000 in the year ended 31st December, 1972. This increase has resulted from a considerable increase in turnover of the companies over that period and from increases in their profit margins. A significant factor was the appointment of a new management team for Saalheimer in January, 1972.

The Alpha Group

The turnover and profits before taxation of the companies comprising the Alpha Group in the nine months ended 31st December, 1972 were as follows:—

	Turnover £'000	Profit before Taxation £'000
Alpha	2,922	656
Light Leather Company Limited ("Light Leather")	294	10
Freeman Horn Company Limited ("Freeman")	477	3
Capehorn Limited ("Capehorn")	373	30
	4,066	699

Sales of the Alpha Group in that period were made up as follows:—

	%
United Kingdom	71.6
North America	12.7
Europe	10.9
Middle East	3.8
Others	1.0
	100.0

Alpha was acquired in 1943 by members of the Horn family, certain of whom continue as its executive directors. It imports semi-finished and finished leathers from throughout the world for sale mainly to footwear and handbag manufacturers in both the United Kingdom and overseas. The major proportion of Alpha's sales is of finished leathers which are delivered to Alpha, sorted and despatched to customers. Crust leathers are also imported and sent to tanneries to be dressed and finished to Alpha's own designs. Alpha has a large showroom in North London, employs several representatives and attends the footwear industry's trade shows. Alpha obtains 54 per cent. of its purchases from four suppliers. Six customers account for 36 per cent. of its home sales and one customer for 14 per cent. of its export sales. The Directors of the Company are satisfied that alternative sources of supply and customers are available. Radcliffe's holding of 75 per cent. of the issued share capital of Alpha together with its option on the remaining 25 per cent. were acquired in July, 1972.

Alpha has the following subsidiaries:—

(a) Light Leather, which was acquired by members of the Horn family in 1961, was purchased by Alpha in 1972 and carries on the business of leather merchant, dealing only in skins. Wholesale and retail sales are made and exports contribute an increasingly large part of the company's business. The skins dealt in are mainly for the garment industry, and purchases are imported from European and Far Eastern countries.

(b) Freeman was incorporated in 1964. It is a 60 per cent. subsidiary of Alpha, the remaining 40 per cent. being owned by Chelsea Industries Inc. of Chelsea, Massachusetts. Freeman and Capehorn, which has been a wholly-owned subsidiary of Alpha since 1948, carry on the business of importers and manufacturers of synthetic leathers, and similar bonded and other synthetic materials. Freeman and Capehorn purchase synthetic materials mainly from Europe and America and send these to converters in the United Kingdom who manufacture bonded materials to Freeman's designs. Sales are to the footwear, handbag and garment industries through representatives. Freeman entered into agency arrangements which continue from year to year for certain European and United Kingdom synthetic materials in bonded and other forms for sale in the United Kingdom. Capehorn obtains 94 per cent. of its purchases from one supplier and three customers account for 83 per cent. of its sales. Freeman obtains 73 per cent. of its purchases from four suppliers and four customers account for 52 per cent. of its sales. The Directors of the Company are satisfied that alternative sources of supply and customers are available.

The increase in the profits before taxation of Alpha in the nine months ended 31st December, 1972, shown in the accountants' report below, reflected the full benefits of the Company's move to its North London premises, and new overseas supply arrangements made in the previous two years. These factors produced a higher level of turnover, the effect of which on profitability was enhanced by higher margins resulting from buoyancy in world leather markets. The Directors of the Company expect market buoyancy to continue in the current financial year but at a level below that of 1972.

MANAGEMENT AND EMPLOYEES

Sir Douglas Clague (55) was appointed the Chairman of the Company on 12th April, 1972, and is also Chairman of Hutchison and of JDH.

Mr. K. R. Cork, F.C.A. (59), was appointed Deputy Chairman of the Company on 9th August, 1973. He is a Chartered Accountant in public practice.

Mr. W. O. Baker (47), the Managing Director of the Company, was appointed on 12th April, 1972, and is also a director of JDH.

Mr. J. A. Ferguson (38) was appointed a Director on 12th April, 1972, and is also a director of Hutchison.

Mr. P. V. Collings (55) was appointed on 9th August, 1973, and is also a director of Guthrie Corporation Limited and a business consultant.

Mr. N. C. Pearson (64) was appointed on 9th August, 1973, and is also a director of the United Kingdom Provident Institution.

Mr. J. J. Horn (73) was appointed on 9th August, 1973, and is the Executive Chairman of Alpha.

Mr. Collings and Mr. Pearson had no involvement with any part of the Enlarged Group prior to their appointments to the Board on 9th August, 1973 and, together with Sir Douglas Clague, are non-executive Directors of the Company.

Mr. W. O. Baker is the executive director of the Hutchison Companies and was previously a management consultant for 12 years. He has been responsible for the overall direction and financial control of the Hutchison Companies since December, 1968, or their subsequent acquisition. The day-to-day management of the operations of each of the Hutchison Companies is provided by the persons named below, who are executive directors of the companies indicated:—

Executive directors	Age	Responsibility	Executive service with the Hutchison Companies (years)
Saalheimer and Blue Box			
R. M. Bower	31	Joint managing director (administration)	5
M. Baker	35	Joint managing director (toys)	5
D. Oven	35	Joint managing director (fancy goods)	3
Grenville			
S. Gershon	57	Managing Director	30
H. Gershon	21	Merchandise director	3
F. White	51	Administration director	1
G. Grove	37	Sales director	5
PSO and Amak			
L. Kalisch	50	Joint managing director	14
L. Rosenthal	50	Joint managing director	14
D. Fox	50	Administration director	14
P. Leslie	66	Production consultant (part-time)	14
Alpha and subsidiaries			
J. J. Horn	73	Executive chairman	25
M. Horn	69	Joint managing director	25
H. Horn	66	Joint managing director	25

The Board of the Company is satisfied that adequate management succession exists within the Hutchison Companies.

Each of the above companies carries out its own marketing, buying, staff control and accounting functions. The head office staff of 10, under the supervision of Mr. W. O. Baker, is responsible for the longer term development and overall financial control of the companies. The Enlarged Group now has a total of 286 employees, in addition to the executive directors of the separate companies set out above, and good staff relations have always existed.

By agreement, terminable on 6 months' notice, JDH provides to the Company office accommodation, clerical facilities, the services of Mr. W. O. Baker, on a substantially full-time basis, as Managing Director, and of Mr. P. H. R. Baker and Mr. J. K. Birley as Secretary and Financial Controller respectively for an annual total fee of £20,000.

PROFITS AND DIVIDENDS

The Company

The consolidated turnover, depreciation, profits (losses) of the Company and its subsidiaries and the rates and cost of dividends paid by the Company in each of the five years to 31st December, 1972, as included in the audited accounts for those years but after incorporating adjustments reflected in subsequent years' accounts, were as follows:—

	Note	1968 £	1969 £	1970 £	1971 £	1972 £
TURNOVER						
General financing		25,782	128,371	192,909	130,751	20,598
Investment income (Gross)		6,438	10,165	50,516	42,245	61,189
Property ownership		83,579	94,687	126,988	257,570	253,135
Property dealing		—	—	—	2,251,215	120,900
Dealing in securities	(i)	193,166	280,018	1,775,800	424,194	576,633
Insurance broking	(ii)	378,906	402,701	480,783	425,134	—
Unit trust management	(ii)	440,376	3,100,154	2,201,197	—	—
		1,128,247	4,016,096	4,828,193	3,531,109	1,032,353
COSTS						
General operating expenses		773,326	3,464,327	4,656,191	2,979,438	830,518
Depreciation		7,017	8,722	9,776	7,071	18,354
Interest paid and allowed		172,614	73,002	102,341	72,751	16,430
Loan stock interest		10,164	86,250	86,250	86,250	78,852
		963,121	3,632,301	4,854,557	3,145,510	944,154
GROUP OPERATING PROFIT (LOSS)		165,126	383,795	(26,364)	385,599	88,199
EXCEPTIONAL CHARGES	(iii)	—	52,190	940,371	354,692	16,981
		165,126	331,605	(966,735)	30,907	71,218
SURPLUS ON CHANGES IN INVESTMENT PORTFOLIO		—	—	—	12,395	117,896
GROUP PROFIT (LOSS) BEFORE TAXATION		165,126	331,605	(966,735)	43,302	189,114
TAXATION		78,358	160,245	75,782	127,383	90,146
GROUP PROFIT (LOSS) AFTER TAXATION		86,768	171,360	(1,042,517)	(84,081)	98,968
TRANSFER TO CAPITAL RESERVE	(iv)	—	—	—	7,437	70,738
		86,768	171,360	(1,042,517)	(91,518)	28,230
SURPLUS ON PURCHASE AND CANCELLATION OF LOAN STOCK		—	—	—	—	153,322
		86,768	171,360	(1,042,517)	(91,518)	181,552
Less (Add): MINORITY INTERESTS		712	1,210	(3,909)	3,135	—
PROFIT (LOSS) ATTRIBUTABLE TO SHAREHOLDERS		86,056	170,150	(1,038,608)	(94,653)	181,552
DIVIDENDS	(v)	26,250	59,080	40,560	—	—
RETAINED PROFIT (LOSS)	(vi)	£59,806	£111,070	(£1,079,168)	(£94,653)	£181,552

NOTES:

(i) The figures for 1968 and 1969 are the profits from the transactions as shown in the accounts for those years. For subsequent years the gross proceeds and costs of sales are shown under their respective headings.

(ii) During 1972 and early 1973 the Company disposed of its interest in its Insurance Broking subsidiaries. The major source of this income was the Weller-Poley Group and a circular giving details of this sale was sent to shareholders on 7th May, 1973.

The Company sold its interests in Oceanic Unit Trust Managers Limited and Second Oceanic Unit Trust Managers Limited during 1971.

The contributions to Group Operating Profits from the above sources of income were:—

	1968 £	1969 £	1970 £	1971 £	1972 £
Insurance broking	65,184	26,290	10,077	18,836	—
Unit trust management	1,866	53,312	(86,181)	—	—

(iii) Exceptional charges were:—

	1969 £	1970 £	1971 £	1972 £
Change in basis of valuation of quoted securities held at year's end	52,190	—	—	—
Amounts written off investments in subsidiary and associated companies (see note (*) below)	—	763,314	111,854	8,193
Settlement of onerous contract relating to a subsidiary	—	—	95,569	—
Provision for doubtful debts outside normal business	—	48,250	17,000	—
Investment in and current account with The Vehicle and General Insurance Company Limited in liquidation written off (see note (†) below)	—	128,807	21,076	—
Investment properties:—				
Loss on sale	—	—	24,021	4,940
Revaluations	—	—	84,172	3,848
	£52,190	£940,371	£354,692	£16,981

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*These items reflect reductions in the book value of investments in subsidiary and associated companies to wri[te] down the values thereof either to subsequent sale proceeds or to a more realistic value. The results of the subsidiaries are included in the group results for the years in which they formed part of the group.

†In addition, losses of £82,263 in 1970 and £19,243 in 1971 were treated as arising in the normal course [of] business.

(iv) The Memorandum of Association of one subsidiary requires surpluses on changes in investment portfoli[o] less taxation thereon, to be transferred to Capital reserve.

(v) Dividends paid were as follows:—

	1968	1969	1970
Amount of dividend	£26,250	£59,080	£40,5
Rate	12½%	20%	1[illegible]
On issued share capital of	£210,000	£295,400	£405,6

(vi) A reduction of Share premium account of £1,063,765 to eliminate the adverse balance on the Profit a[nd] Loss account of the Company as at 31st December, 1971, which was approved by the shareholders a[nd] loan stock holders by resolutions passed on 7th December, 1972, and which was sanctioned by the Hi[gh] Court of Justice on 22nd January, 1973, was incorporated in the 1972 accounts.

(vii) In the years covered by the above table, the results of associated companies were not consolidated as t[he] Directors of the Company had no influence over determination of policy of those companies, with t[he] exception of Ixia Trading Company Limited, which was incorporated on 21st September, 1972, but [for] which no accounts have been prepared. Dividends receivable from these associated companies we[re] however, taken to Profit and Loss account in the years in which they arose and are included in investme[nt] income shown above.

The Hutchison Companies

The turnover and results of the Hutchison Companies are set out below in the report on those companies by [the] joint reporting accountants, Moore, Stephens & Co., Chartered Accountants, and Pannell Fitzpatrick & C[o.,] Chartered Accountants. The combined profits before taxation of the Hutchison Companies, after excluding mino[rity] interests in Blue Box, Alpha and Freeman, for the twelve months ended 31st December, 1972 (nine months to th[at] date in the case of the Alpha Group) were £896,518. The combined turnover of the Hutchison Companies for t[he] periods ended on that date was £8,424,146.

The Enlarged Group

The Hutchison Companies will provide a new source of earnings at a level which the Directors of the Compa[ny] believe to be maintainable. These earnings will enable the Company, with the aid of Hutchison, to expand [its] activities in its new trading fields, in property investment and development, and in general financing.

In the absence of unforeseen circumstances, the Directors of the Company expect the consolidated profits, bef[ore] deducting taxation, exceptional items and pre-acquisition profits and after deducting minority interests, of t[he] Enlarged Group for the year ending 31st December, 1973, to amount to not less than £1,000,000.

Assuming completion of the Hutchison Agreement, it would (subject to Government restrictions) be the intent[ion] of the Directors on the basis of profits of £1,000,000 as set out above to recommend for the year ending 3[1st] December, 1973, a dividend at the rate of 2.0p per share (equal, with the associated tax credit, to 2.86p per sha[re]) on the enlarged issued Ordinary share capital of the Company.

NET TANGIBLE ASSETS

The combined net tangible assets of the Hutchison Companies at 31st December, 1972, amounted to £1,570,2[illegible] after deducting minority interests in Blue Box, Alpha and Freeman and are shown in the accountants' report [on] those companies set out below, which include certain freehold and long leasehold properties of the Hutchis[on] Companies at a valuation on 1st June, 1973 by King & Co., Chartered Surveyors, whose report is also set out belo[w]. Provision has been made for taxation which could arise on the disposal of the properties at the valuation figures.

A pro-forma consolidated balance sheet of the Enlarged Group based on the audited consolidated balance sh[eet] of the Company at 31st December, 1972, and the net tangible assets of the Hutchison Companies at 31st Decemb[er] 1972, as shown in the accountants' report, shows net tangible assets attributable to shareholders of the Compa[ny] of £2,928,301 and is set out below.

ACCOUNTANTS' REPORT ON THE HUTCHISON COMPANIES

The following is a copy of the joint report on the Hutchison Companies by Moore, Stephens & Co., Charter[ed] Accountants, and Pannell Fitzpatrick & Co., Chartered Accountants:—

Moore, Stephens & Co.,
Bucklersbury House,
London EC4P 4BN.

Pannell Fitzpatrick & Co.,
Lee House,
London Wall,
London EC2Y 5AL.

The Directors,
First Finsbury Trust Limited and
Slater, Walker Limited.

25th September, 19[73]

Gentlemen,

On 31st August, 1973, First Finsbury Trust Limited ("the Company") entered into an agreement (the "Agreement") to acquire, in exchange for shares, the following interests in the issued share capital of the companies set out below:

The Toy Companies

A. Saalheimer, Limited ("Saalheimer") and its 92% owned subsidiary Blue and Red Box Distributors (U.K.) Limited ("Blue Box")	10[0]
Peter Grenville & Co. Limited ("Grenville")	10[0]
Pacific Sales Organisation Limited ("PSO") and its wholly-owned subsidiary Amak Productions Limited ("Amak")	10[0]

The Alpha Group

Alpha Leather Company Limited ("Alpha"), its four wholly-owned subsidiaries Capehorn Limited ("Capehorn"), E.M.U. Manufacturing Company Limited ("EMU"), Ibex Overseas Limited ("Ibex"), Light Leather Company Limited ("Light Leather") and its 60% owned subsidiary Freeman-Horn Company Limited ("Freeman")	7[5]

We have examined the audited accounts of all the companies set out above, referred to collectively as "t[he] Hutchison Companies", for the periods relevant to this report. Saalheimer, Grenville and PSO together with th[eir] respective subsidiaries are referred to collectively as "the Toy Companies" and Alpha and its subsidiaries a[re] referred to collectively as "the Alpha Group".

We report as follows:

1. Accounting Policies

(i) Turnover represents the sales of goods to customers at invoiced values less trade discounts, returns a[nd] allowances and excludes sales to the companies which are the subject of this report.

(ii) Stocks:

(a) Stock purchased for resale and materials for processing are stated at the lower of cost and n[et] realisable value.

(b) Work in progress and finished goods are stated at the lower of production cost and net realisab[le] value. Production cost comprises direct labour and material costs and an appropriate proportio[n] of manufacturing overheads.

(iii) Depreciation of fixed assets:

(a) No depreciation is provided on freehold or long leasehold property.

(b) Short leasehold property is amortised over the period of the lease.

(c) Plant, machinery, fixtures, fittings and motor vehicles are depreciated principally on the straight li[ne] basis at rates calculated to write off the cost of the assets over their estimated useful lives. Relative[ly] small amounts have been depreciated by the reducing balance method.

2. Turnover and Profits

The turnover and profits of the Toy Companies for the five years ended 31st December, 1972 and of the Alph[a] Group for the five years and nine months ended 31st December, 1972, arrived at on the basis of the accountin[g] policies stated above and the notes below and after making such adjustments to the audited accounts as in ou[r] opinion are appropriate, were as follows:—

The Toy Companies

	Note	1968 £	1969 £	1970 £	1971 £	1972 £
Turnover		3,030,240	2,902,929	2,889,811	3,432,891	4,357,78[illegible]
Cost of goods sold including all expenses other than the items shown below		2,833,572	2,773,575	2,735,964	3,211,993	3,905,44[illegible]
Depreciation		10,915	13,549	15,511	16,431	18,32[illegible]
Interest charges		29,288	58,119	48,413	51,735	54,67[illegible]
		2,873,775	2,845,243	2,799,888	3,280,159	3,978,44[illegible]
Profit before taxation	(i)	156,465	57,686	89,923	152,732	379,32[illegible]
Less: Group relief payments	(ii)	39,689	—	20,038	35,186	83,76[illegible]
		116,776	57,686	69,885	117,546	295,56[illegible]
Less: Taxation	(iii)	53,353	33,033	26,567	46,408	119,05[illegible]
		63,423	24,653	43,318	71,138	176,509
Less: Minority interests in profit (loss) of Blue Box (less taxation attributable)		(396)	1,136	1,606	2,390	3,767
Profit, after group relief payments, taxation and minority interests		63,819	23,517	41,712	68,748	172,742
Less: Dividends	(iv)	13,278	19,472	38,880	57,122	148,456
Retained profit		£50,541	£4,045	£2,832	£11,626	£24,286

IST FINSBURY TRUST LIMITED —

inued

The profit before taxation shown above has been arrived at in accordance with the standard accounting practices approved by the accountancy bodies in the British Isles.

Group relief payments shown above relate to the relief from taxation obtained in respect of losses incurred by allied subsidiaries which will not be acquired by the Company under the Agreement.

Taxation, which includes transfers to deferred taxation, is based on the corporation tax charges shown in the accounts of each company and is arrived at after adjusting for the group relief payments shown above.

The rates of and amounts absorbed by dividends are detailed below:—

LHEIMER

	Year ended 31st December 1972
Amounts absorbed by ordinary dividends	£21,173
Equivalent to a rate of	42·35%
On issued ordinary share capital of	£50,000

NVILLE

	Years ended 9th October 1968	1969	1970	1971	Fifteen months ended 31st December 1972
Amounts absorbed by ordinary dividends	£13,278	£19,472	£22,880	£40,762	£59,385
Equivalent to a rate of	30%	44%	51·7%	92·11%	107,973%
On issued ordinary share capital of	£44,256	£44,256	£44,256	£44,256	£56*
Amounts absorbed by preference dividend					£2,213
Equivalent to a rate of					5%
On issued preference share capital of					£44,256

	Years ended 31st December 1970	1971	1972
Amounts absorbed by ordinary dividends	£16,000	£16,360	£65,685
Equivalent to a rate of	16%	16·36%	65·69%
On issued ordinary share capital of	£100,000	£100,000	£100,000

ing the fifteen months ended 31st December, 1972 the ordinary share capital of Grenville was converted ence share capital and £55 was capitalised out of reserves as the new ordinary share capital.

'ie Group

	Note	Years ended 31st March 1968 £	1969 £	1970 £	1971 £	1972 £	Nine months ended 31st December 1972 £
		2,278,804	2,741,883	2,729,413	3,782,651	3,982,988	4,086,381
ods sold including ises other than s shown below		2,124,532	2,658,303	2,598,985	3,474,395	3,730,373	3,342,204
on		11,047	13,633	9,784	8,401	9,571	8,435
arges		8,863	17,029	34,486	29,189	15,615	16,292
		2,144,442	2,688,985	2,643,255	3,511,985	3,755,559	3,366,931
		134,362	52,888	86,158	270,666	227,429	699,450
tment income: wment policy proceeds		7,000	11,200	9,100	2,100	2,100	—
		—	75	210	142	225	—
e taxation	(i)	141,362	64,173	95,468	272,908	229,754	699,450
'ion	(ii)	71,081	28,205	46,556	101,886	92,760	281,471
		70,281	35,968	48,912	171,022	136,994	417,979
rity interests in of Freeman (less en attributable)		4,378	4,640	2,837	14,563	9,908	832
utable to shareholders of		65,903	31,328	46,075	156,459	127,086	417,147
ends	(iii)	11,101	11,101	11,101	11,101	11,101	—
ofit		£54,802	£20,227	£34,974	£145,358	£115,985	£417,147
itable to a nt. interest	(iv)	£49,427	£23,496	£34,556	£117,344	£95,314	£312,880

n profit before taxation shown above has been arrived at in accordance with the standard accounting actices approved by the accountancy bodies in the British Isles.
xation is based on the corporation tax charges shown in the accounts of each company and includes nsfers to deferred taxation.
e dividends in each of the five years ended 31st March, 1968 to 1972, inclusive, are equivalent to a te of 26½ per cent. on the issued "A" ordinary share capital of £41,892. No dividends have been clared for the period of nine months ended 31st December, 1972.
e profit attributable to a 75 per cent. interest is calculated on the profits before deducting dividends tually paid. Upon the Agreement becoming unconditional, the Company will acquire a 75 per cent. erest in Alpha together with the benefit of an option in respect of the balance of 25 per cent.

ngible Assets

gible assets at 31st December, 1972, of the Hutchison Companies based on the audited balance sheets set after capitalising loans of £61,000, adjusting for subsequent increases in the issued share capitals in cash and after making such other adjustments as in our opinion are appropriate, are set out below:—

	Note	Cost or Valuation £	Accumulated Depreciation £	£
SSETS				
ehold properties	(i)	474,000	—	474,000
g leasehold properties	(i)	70,000	—	70,000
rt leasehold properties		18,312	16,703	1,609
nt, machinery, fixtures, fittings and motor vehicles		205,298	101,987	103,311
		£767,610	£118,690	648,920
s: Mortgage loan (secured)	(ii)			90,000
				558,920
NT ASSETS				
cks		2,201,991		
btors and prepayments		1,700,866		
sh		278,709		
			4,181,566	
NT LIABILITIES				
ditors		1,166,154		
posed dividends		148,456		
ation due: by 31st December, 1973		421,067		
on 1st January, 1974 or later		123,906		
k overdrafts	(iii)	869,374		
			2,728,957	
RRENT ASSETS				1,452,629
				2,011,549
s: Deferred taxation	(iv)			84,000
				1,927,549
s: Minority interests	(v)			357,314
NGIBLE ASSETS				£1,570,235

hold and long leasehold properties are stated at professional valuation, on 1st June, 1973, by King & Chartered Surveyors, apart from two properties included at estimated subsequent sale proceeds of ,000. Other fixed assets are stated at cost less depreciation to date.

mortgage loan of £90,000 is secured on a freehold property and is repayable over the next fifteen s with interest payable at 8½ per cent. per annum.

k overdrafts of two companies are secured on the freehold and leasehold properties of the respective panies. Other bank overdrafts are the subject of guarantees issued by Hutchison International ited.

vision is made at 40 per cent. for corporation tax deferred by reason of the excess of taxation allowances xed assets over depreciation charged in the accounts. An amount of £53,000 has been included for taxation which could arise in the event of the freehold and long leasehold properties being realised e values at which they are included above and has been calculated at the estimated net effective payable on capital gains in 1973.

figure for minority interests includes the 25 per cent. interest in Alpha which is not being acquired ediately by the Company, but which is the subject of an option.

tingent liabilities to bankers under letters of credit outstanding and irrevocable credits amounted 49,172.

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have been prepared for the Hutchison Companies for submission to members for any period 31st December, 1972.

'HENS & CO.
ountants.

PANNELL FITZPATRICK & CO.,
Chartered Accountants.

REPORT ON PROPERTIES OF THE HUTCHISON COMPANIES

g is a copy of the report prepared at the request of the Directors of the Company by King & Co., eyors, on their valuation of certain of the properties of the Hutchison Companies:—

King & Co.,
1 Snow Hill,
London EC1A 2DL.
1st June, 1973.

Trust Limited.

pected and carefully considered certain of the properties owned by Peter Grenville & Co. Limited, Organisation Limited and Alpha Leather Company Limited, short particulars of which are set out the basis of information as to tenure, lettings, town planning consents, development commitments luding that set out below, which you have given to us, the figures below represent our opinions as rket value as between a willing purchaser and a willing seller:—

Address	Description	Site Area (Acres)	Net Building Area Sq. ft	Tenure	Open Market Value £
Westbridge Trading Estate, West Bridgford, Notts.	Comprising mainly two single-storey buildings providing warehouse, showroom, office and amenity facilities	0·54	15,780	Freehold	80,000
Amax House, Mary Street, m Manchester 3	Mainly single-storey factory and warehouse buildings approx. 100 years old with a two-storey office block adjoining	0·56	24,471	Leasehold. Held on three 999-year ground leases from 1850, 1871 and 1875. Total ground rent £120·92: 2,400 sq. ft. of ground floor office/warehouse space sub-let by verbal agreement at £800 p.a. incl. of external repairs.	70,000
The Hyde, Hendon, London, N.W.9	Mainly large single-storey pre-war warehouse buildings but including two-storey modernised offices to The Hyde frontage and mezzanine floors on the northern side and at the rear	1·08	48,850	Freehold	375,000
					£525,000

We are, Gentlemen,
Yours faithfully,
KING & CO.
Chartered Surveyors.

PRO-FORMA BALANCE SHEET OF THE ENLARGED GROUP

The following are pro-forma consolidated balance sheets of the Company before and after completion of the acquisition of the Hutchison Companies, based on the audited consolidated balance sheet of the Company at 31st December, 1972, and on the consolidated net tangible assets of the Hutchison Companies at 31st December, 1972 as shown in the accountants' report above:—

	Note	Before Acquisition £	£	After Acquisition £	£
FIXED ASSETS (at cost or valuation, less depreciation)					
Freehold properties	(i)		869,874		1,343,874
Long leasehold properties	(i)		263,126		333,126
Short leasehold properties	(i)		123,500		125,109
Plant, machinery, fixtures, fittings and motor vehicles			—		103,311
			1,256,500		1,905,420
Less: Mortgage loans (secured)	(ii)		35,000		125,000
			1,221,500		1,780,420
INVESTMENTS					
Quoted (market value £140,187)	(iii)	146,795		146,795	
Subsidiary not consolidated	(iv)	5,000		5,000	
			151,795		151,795
CURRENT ASSETS					
Stocks	(v)	358,574		2,560,565	
Debtors and prepayments		242,974		1,943,860	
Short term deposits		1,041,748		1,041,748	
Cash		31,209		309,918	
		1,674,505		5,856,091	
CURRENT LIABILITIES					
Creditors		315,681		1,481,835	
Proposed dividends		—		148,456	
Taxation due:					
by 31st December, 1973		226,309		647,376	
on 1st January, 1974, or later		19,720		143,626	
Bank overdrafts	(vi)	2,024		871,398	
		563,734		3,292,691	
NET CURRENT ASSETS			1,110,771		2,563,400
			2,484,066		4,495,615
Less: Deferred taxation	(vii)	—		84,000	
5¾ per cent. Convertible Unsecured Loan Stock 1988/93		1,126,000		1,126,000	
			1,126,000		1,210,000
			1,358,066		3,285,615
Less: Minority interests	(viii)		—		357,314
NET TANGIBLE ASSETS			£1,358,066		£2,928,301

	Note	Before Acquisition £	£	After Acquisition £	£
Representing:					
ISSUED SHARE CAPITAL			405,600		896,400
RESERVES					
Share Premium Account		621,873		2,585,073	
Capital Reserve		78,175		78,175	
Profit and Loss Account		293,713		293,713	
		993,761		2,956,961	
Less: Goodwill on Consolidation		41,295		925,060	
			952,466		2,031,901
			£1,358,066		£2,928,301

NOTES:

	Before Acquisition £	After Acquisition £
(i) Freehold properties:		
Investment properties	869,874	869,874
Business premises	—	474,000
	£869,874	£1,343,874
Long leasehold properties:		
Investment properties	263,126	263,126
Business premises	—	70,000
	£263,126	£333,126
Short leasehold properties:		
Investment properties	123,500	123,500
Business premises	—	1,609
	£123,500	£125,109

Certain of the properties are included at professional valuation, representing open market value on an investment basis for the investment properties, and on the basis of development potential for the development property, by King & Co., Chartered Surveyors, in September and November, 1972, of £1,151,000 less subsequent amortisation of £6,500. The other properties of the Company are included at negotiated sale price of £112,000. Business premises, other than short leasehold, are at professional valuation on 1st June, 1973, with the exception of two properties which are included at estimated sale proceeds.

(ii) A mortgage loan to the Company of £35,000 has since been repaid. An additional mortgage loan of £90,000, post-acquisition, is secured on a freehold property and is repayable over the next fifteen years with interest payable at 8½ per cent. per annum.

(iii) These are at cost and exclude trading stock of securities which are included in current assets.

(iv) This item is in respect of a subsidiary for which accounts were not available at 31st December, 1972, and was, therefore, not included in Group accounts as the amounts involved were immaterial. This subsidiary was sold early in 1973 for £4,000 in cash.

(v) The basis of valuation of stocks are —
Goods for resale and processing materials at the lower of cost and net realisable value.
Work in progress and finished goods at the lower of production cost and net realisable value. Production cost comprises direct labour and material costs plus an appropriate proportion of manufacturing overheads.
Quoted investments at market value.
Unquoted investments at cost.
Properties for resale at cost less amortisation.

(vi) Bank overdrafts are either secured or the subject of guarantees.

(vii) Provision has been made of £53,000 for the taxation which could arise in the event of the business premises (but not the investment properties of the Company) being realised at the values at which they are included above, and has been calculated at the estimated net effective rate payable on capital gains in 1973. No provision has been made for the taxation which could arise on the disposal of the investment properties of the Company at the valuations included. The amount of such provision, if made, would not be greater than £28,000.
In addition, provision has been made at 40 per cent. for corporation tax deferred by reason of the excess of taxation allowances on fixed assets other than properties over depreciation charged in the accounts.

(viii) This figure includes the 25 per cent. interest in Alpha which is not being acquired at this stage by the Company, but which is the subject of the Alpha option.

(ix) Before acquisition there was a contingent liability to bankers of £40,000 which has since been satisfied. In addition, after acquisition there are other liabilities to bankers under letters of credit outstanding and irrevocable credits amounting to £49,172.

STATUTORY AND GENERAL INFORMATION

1. Share and Loan Capital of the Company

On 25th September, 1971 the authorised share capital of the Company was £500,000 and the issued share capital was £405,600, consisting of 4,056,000 Ordinary shares of 10p each. On 24th September, 1973, the authorised share capital was increased to £1,100,000 by the creation of a further 6,000,000 Ordinary shares of 10p each and 4,902,000 Ordinary shares are to be issued in respect of the acquisition of the Hutchison Companies.

Holders of the £1,123,500 nominal of the Loan Stock are entitled on 31st July in any of the years 1972 to 1976 inclusive to convert all or any part of the Loan Stock for the time being held by them on the basis (subject to adjustment as provided in the Trust Deed constituting the Stock) of 10p nominal of Ordinary share capital in the Company for every £1.60 nominal of the Stock converted. Upon full exercise of the conversion rights attaching to the Stock a maximum of 702,188 Ordinary shares of 10p each in the Company would fall to be issued. Full particulars of the Loan Stock are available in the usual statistical services.

Apart from the issue of shares to be made pursuant to the Hutchison Agreement no material issue of shares (other than to shareholders pro rata to their existing holdings) will be made within one year, nor will any issue of shares be made which would effectively alter the control of the Company or the nature of its business without prior approval of the shareholders in General Meeting.

Save as mentioned in this document or by way of intra-group issues of shares or loans to subsidiaries, no share or loan capital of the Company has been issued for cash or otherwise in the two years preceding the date of this document or of any of its subsidiaries since their respective dates of acquisition, nor is any capital of the Company, or of its subsidiaries proposed to be issued or under option or agreed conditionally or unconditionally to be put under option, nor have any commissions, discounts, brokerages or other special terms been granted in the two years preceding the date of this document in connection with the issue of any such capital.

2. Articles of Association

The Articles of Association of the Company contain provisions inter alia to the following effect:—

(a) Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with the Articles, at a General Meeting every member present in person shall on a show of hands have one vote, and on a poll every member present in person or by proxy shall have one vote for each share of which he is the holder.

(b) A Director is not required to hold any shares in the Company by way of qualification.

(c) The Directors are entitled to remuneration at such rate per annum as the Company by Ordinary Resolution may from time to time determine. The Company by Ordinary Resolution may also vote extra remuneration to the Directors which shall (unless otherwise determined by the Resolution by which it is voted) be divided between the Directors as they shall agree, or, failing agreement, equally. Any Director who serves on any committee or devotes special attention to the business of the Company or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director may be paid such extra remuneration as the Directors may determine.

(d) The provisions of Section 185 of the Companies Act 1948 regarding the appointment of Directors over the age of 70 do not apply to the Company.

(e) No Director shall, subject to certain limited exceptions specified in the Articles, vote as a Director on any contract or arrangement in which he is interested and shall not be counted in the quorum at a Meeting in relation to any resolution on which he is debarred from voting. Notwithstanding this, where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of one or more Directors to offices or employment with the Company such proposals may be divided and considered in relation to each Director separately and in such case each of the Directors concerned (if not debarred from voting because of any material interest) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment. A Director may also (in the absence of some other interest other than as a potential beneficiary) vote (inter alia) on any proposal concerning the [illegible] of any pension or superannuation funds under which he may benefit and which has been [illegible] and [illegible] approval by the Board of Inland Revenue for taxation purposes.

(f) The Directors are obliged to restrict the borrowings of the Company and exercise all rights exercisable by the Company in relation to its subsidiaries so as to secure (as regards subsidiaries so far as by such exercise they can secure) that save with the previous sanction of an Ordinary Resolution of the Company, no money shall be borrowed if the aggregate principal amount (including any premium payable on final repayment) outstanding of all moneys borrowed by the Company and of all moneys borrowed by any subsidiaries for the time being of the Company (excluding amounts borrowed by any such company from any other of them) then exceeds or would as a result of such borrowing exceed an amount equal to ten times the aggregate of the amount paid up on the share capital of the Company and the total of the capital and revenue reserves of the Company and its subsidiaries all as shown in a consolidation of the then latest audited Balance Sheets of the Company and its subsidiaries but:—
(i) adjusted in respect of any variation in the paid up share capital or share premium account of the Company since the date of its latest audited Balance Sheet; and
(ii) excluding sums set aside for taxation and amounts attributable to outside shareholders in subsidiaries and deducting any debit balance on the combined profit and loss account.

3. Subsidiary and Associated Companies

The following are particulars of the Company's subsidiary and associated companies:—

Name	Date of incorporation	Issued and paid up share capital	Proportion of Ordinary share capital held or agreed to be acquired %	Principal activity
Subsidiary Companies				
Provincial & District Properties Limited	18th January, 1962	£243,500	100	Property investment and development
Latomas Investments Limited	8th June, 1937	£100	100	Property investment and development
Versure Investments Limited	7th December, 1977	£100	100	Property investment and development
Ralvin Investments Limited	3rd September, 1958	£100	100	Property investment and development
Estate Development Finance Limited	[illegible]	£2	100	Property dealing
First Finsbury Investments Limited	[illegible]	£100	100	Investing in securities
Providence Securities Limited	[illegible]	£100	100	Dealing in securities
General & Overseas Trust Limited	2nd February, 1960	£10	100	Dormant
Tower Street Nominees Limited	2nd July, 1964	£100	100	"
Finsbury Fund Managers Limited	[illegible] January, 1970	£100	100	"
Fidesa Finance Limited	22nd March, 1967	£10,000	100	General financing
Pacific Unit Trust Management Limited	2nd October, 1964	£2	100	Dormant
Tern Trust Management Limited	5th July, 1972	£2	100	"
A. Saalheimer Limited	[illegible] 1947	£200,000	100	Toy and fancy goods distributor
Bins and Red Box Distributors (U.K.) Limited	[illegible] July, 1967	£20,000	92	" "
Peter Grenville & Co. Limited	29th September, 1959	£44,256	100	" "
Pacific Sales Organisation Limited	22nd November, 1959	£100,000	100	" "
Asnak Productions Limited	24th April, 1964	£5,000	100	Manufacturer of shopping bags
Alpha Leather Company Limited	[illegible] April, 1945	£153,000	75	Supplier of finished leather
E.M.U. Manufacturing Company Limited	20th January, 1949	£5,000	75	Dormant
Ibex Overseas Limited	20th June, 1949	£3,000	75	"
Alpha Leather (Hong Kong) Limited	20th August, 1970	HK$2	75	"
Light Leather Company Limited	21st October, 1945	£5,100	75	Leather distributor
Freeman-Horn Company Limited	11th November, 1934	£42,000	43	Supplier of synthetic materials
Capeltom Limited	19th January, 1945	£2,000	75	Supplier of synthetic materials
Associated Company				
Isle Trading Company Limited	21st September, 1972	£100	25	Bowling alley and licensed restaurant

Apart from Alpha Leather (Hong Kong) Limited, which is incorporated in Hong Kong, all of the above companies are incorporated in England.

4. Directors' Interests and Substantial Shareholdings

The interests of the Directors of the Company and their families in the Ordinary shares of the Company are all beneficial and are as follows:—

	Ordinary shares
Sir Douglas Clague	—
C. P. Cass	3,100
W. O. Bater	17,000
J. A. Ferguson	—
P. V. Cutting	—
N. C. Pearson	1,000
J. J. Horn	22,000

On completion of the Hutchison Agreement, Hutchison and its subsidiaries (including JDH) and associates, will own 6,094,650 (66·42 per cent.) Ordinary shares of the Company and £349,125 nominal (31·07 per cent.) of the Loan Stock.

In the event of the whole of the Loan Stock being converted, Hutchison's interest in the Ordinary shares of the Company would be 63.88 per cent. Apart therefrom no other person holds or is beneficially interested in 10 per cent. or more of the issued share or loan capital of the Company. Mr. J. J. Horn and his family have a beneficial interest in 9,009 (8.33 per cent.) of the Ordinary shares of £1 each and a non-beneficial interest in 6,982 (16.67 per cent.) of the "A" Shares of £1 each in Alpha. These holdings are subject to the Alpha option.

5. Directors' Service Agreements

Mr. J. J. Horn has a service agreement with Alpha for a period of three years from 1st April, 1971, at an annual salary of £7,500. Apart therefrom, no Director of the Company has a service agreement with the Company or any of its subsidiaries or received any remuneration from the Company or any of its subsidiaries in the year ended 31st December, 1972. The total emoluments paid to the then Directors in that year were nil. In a full year and using the present bases for calculation, the total emoluments would have been £17,000.

Apart therefrom, no variation in the total emoluments receivable by the Directors will result from the acquisition of the Hutchison Companies.

6. Properties

Certain of the properties of the Hutchison Companies are set out in the Valuers' report above. In addition thereto, Saalheimer operates from the following premises:—

Address	Description	Floor area (square feet)	Tenure
13-17 Underwood Street, London, N.1	Office and Showrooms	15,200	Leasehold at £5,500 per annum. Rent review in 1974. Lease expires 25th May, 1981.
The Granary Warehouse, Camley Street, London, N.W.1.	Warehouse	48,000	Leasehold at £18,850 per annum. Lease expires 13th June, 1976.

The following is a copy of a report prepared at the request of the Directors of the Company by King & Co., Chartered Surveyors, on their valuation, representing the value of the properties of the Company in the open market on an investment basis, with the exception of one property which was valued on the basis of Development Potential:—

King & Co.,
1 Snow Hill,
London EC1A 2DL.
25th September, 1973

The Directors,
First Finsbury Trust Limited.

Gentlemen,

We have inspected and carefully considered the various properties belonging to your Company and the information set out below comprises short particulars extracted from our valuations which were prepared in September, 1972 (November, 1972 in the case of Parkway, N.W.1.). These were on the basis of information as to Tenure and Lettings which you supplied and verbal information as to Town Planning and Rating Assessments obtained from the appropriate Authorities. The figures given represent the value in the open market on an investment basis, with the exception of the Drill Hall, Uckfield, which was valued on the basis of Development Potential:—

Property	Description and tenure	Terms of tenants leases or underleases	Estimated net annual current rental before tax	Capital value in the state existing at September/November 1972 £
1-6 Cavendish Parade, 88/98 Hunter Avenue, Ashford, Kent	6 lock-up shop units each with a self-contained maisonette. Built 1962. Freehold.	All units are let on full repairing and insuring leases for 21 years, with, except in one case, fixed rent increases at 7th and 14th years.	£4,050 p.a.	47,000
Bowling Centre, Ethelbert Crescent, Cliftonville, Margate, Kent	Bowling centre with ancillary club premises. Car parking at first floor level. Also public house, a petrol-filling station and a block of 13 flats including one service flat. Built 1964. Freehold.	The petrol filling station is let at a rental of £2,500 exclusive from 1964 for 42 years, with rent review in 1985. The rents of the flats range between £270 and £335 per annum each. The remainder of the property is managed and run by the Company as a commercial enterprise	£5,585 p.a. not including 2 vacant flats, the bowl, club and public house	200,000
Shops and flats, corner of Shore Road and Cakeham Road, East Wittering, Sussex	6 shops and a supermarket. Car parking for 20 cars. 5 flats and 5 garages. Built 1967. Freehold.	Supermarket and one flat unit, leased on an exclusive basis to expire in 2005, with 7 yearly rent reviews. Shops and flats let together on 21 year exclusive leases, with either 14 year reviews in 1983 or 7 year reviews in 1976 and 1985	£6,772 p.a.	70,000
339-355 Fleet Road, Fleet, Hampshire	9 shops with storage accommodation used in part for offices. Parking for 12 vehicles. Built 1967. Freehold	Let on a ground lease for 99 years from 1967, with 14 yearly rent reviews.	£3,000 p.a.	33,000
361-365 Green Lane Ilford, Essex	4 shops and 4 maisonettes with garages. Built 1961. Freehold	Shops let together with maisonettes on 21 year full repairing and insuring leases. Although one shop and maisonette has a review in 1978 the others have 7 yearly reviews to fixed increases.	£2,900 p.a.	35,000
Manor Court, High Street, Mildenhall, Suffolk	6 shops and 6 maisonettes above. Built 1964. Freehold	Shops let together with maisonettes on 21 year exclusive leases from 1964-66 with rent reviews at the 7th and 14th years. One rent already reviewed to £950 p.a.	£4,300 p.a.	60,000
Central Building, 49 West Sunniside, Sunderland, Co. Durham	Let as offices and consulting rooms, with billiard saloon in the basement. Freehold	2 leases for 21 years from 1967 with rent reviews at 7th and 14th years. 2 leases 7 years from 1968. 3 leases 5 years from 1967/69. Tenants responsible for internal repairs.	£5,753 p.a.	60,000
19-23 Upper High Street, Wednesbury, Staffordshire and Relay House	5 shops and supermarket with offices above, also self contained office building. Aggregate office area 6,950 sq. ft. Built about 1964. Freehold	4 shops let on 14-21 year leases, two with rent reviews 1972-73, one 1980, one with fixed review in 1978. One shop let for 10 years from 1966. Supermarket let for 42 years from 1964 with rent review in 1985 and each subsequent 7 years. Offices let for 21 years from 1964 with fixed review in 1972.	£16,125 p.a.	165,000
The Drill Hall, Uckfield	Semi derelict building on corner site in shopping high street. Freehold	Vacant	—	28,000
66-70 Parkway, N.W.1	3 storey building used as offices with single storey laboratories at rear. Freehold	Leased on full repairing and insuring basis for 28 years from 1962 with rent review in 1976	£3,500 p.a.	50,000
60-78 Holland Road, Hurstwood Estate, Chatham, Kent	Parade of shops with single storey supermarket and four shop units with a maisonette over and 4 garages. Leasehold for 125 years from 1963 at fixed rent of £600 p.a. Built 1963.	Let on 21 year full repairing and insuring leases with rent reviews at the tenth year. The supermarket or unit is vacant and the other rents have been reduced temporarily on account of this by £300 p.a. each	Net profit rent excluding supermarket, £1,000 p.a.	18,000
1-11 Farncombe Street, Farncombe, Surrey	Terrace of 11 shops with self contained flats on two floors over also offices 1,500 sq. ft. Built 1972. Leasehold for 125 years from 1969. £3,000 p.a. Review in 1990 and each successive 21 years	Maisonettes sold on 99 years ground lease. G.R. £25 p.a. each. Office and 3 shops let on 7-14-21 year leases	Net profit rent £1,725 p.a. excluding 8 shops not yet let	85,000
Argyle House, Joel Street, Northwood Hills, Northwood, Middlesex	3 storey office building above a parade of shops. Built 1963. Leasehold for 35 years from 1963 at £27,912 p.a. Rent review 1977 and each subsequent 7 years.	Top floor let to 1978 at £22,567 p.a. 1st and 2nd floor agreed to be let at £50,000 p.a. Rent review 1977 and each subsequent 7 years.	£54,775 p.a.	130,000
Excel Bowl, Tolworth, Surrey	Bowling alley, car park and off-licence premises. Leasehold 99 years from 25 March, 1964 at peppercorn rent	Leased for 59 years from 25th March, 1964 at exclusive rental rising by 21 per cent. every 21 years.	£10,450 p.a.	130,000
14-16 Dove Road, Wombwell, Yorkshire	Block of 4 shops each with maisonette over 4 garages and parking. Leasehold held from 1965 for 125 years at ground rent of £500 p.a. Rent review every 21 years	3 shops let on 7-14-21 year leases from 1967-69-71. One at present vacant	Net profit rent £[illegible] p.a. excluding 1 vacant shop	10,000
				£1,151,000

We are gentlemen,
yours faithfully,
KING & CO.
Chartered Surveyors.

7. Working Capital

The Directors are satisfied, having regard to the available bank facilities, that the Enlarged Group has sufficient working capital for its present requirements.

8. Material Contracts

The following contracts, details of which are or may be material, have been entered into by the Company in the last two years other than in the ordinary course of business:—

(i) Agreement dated 23rd December, 1971, between the Company, P. S. Mosse and Partners Limited ("Mosse Limited"), North Atlantic Trading Company Limited ("North Atlantic") and Pierre Sylvain Mosse under which, in settlement of an action brought in the High Court of Justice, the Company:—
(a) paid the sum of £100,000 to North Atlantic to set aside onerous contracts to which the Company was a party; and
(b) sold to North Atlantic 32,435 fully paid "B" shares of £1 each and 25 fully paid "A" shares of £1 each in the capital of Mosse Limited for a consideration of £1;

(ii) Supplemental Trust Deed dated 21st February, 1972, between the Company and Coutts & Company (acting as Trustees for the holders of the Loan Stock) under which the conditions to the Trust Deed dated 10th January, 1969, constituting £1,500,000 nominal of the Loan Stock, were amended to permit the Company at any time to purchase stock at any price in the market or by tender (available to all stockholders alike) or by private treaty at a price (exclusive of accrued interest and of all expenses of purchase) not exceeding par but not otherwise;

(iii) Agreement dated 15th December, 1972, between the Company and the Directors of J. H. Walter-Poley & Co. Limited ("Walter-Poley") under which the Company sold to the Directors of Walter-Poley its entire interest in Walter-Poley, being 20 per cent. of the issued voting shares and 100 per cent. of the issued non-voting shares, for a consideration of £240,000. A circular giving details of this transaction was sent to the shareholders of the Company on 7th May, 1973;

(iv) Agreement dated 31st August, 1973, between the Company and JDH, being the Hutchison Agreement referred to above;

(v) Agreement dated 31st August, 1973, between the Company and JDH being the agreement to provide management services referred to above;

(vi) Agreement dated 5th September, 1973, between the Company and Radcliffe being an agreement conferring upon the Company the benefit of the Alpha option.

9. Profit Estimate

(a) Assumptions.

The estimate of profits before deducting taxation, exceptional items and pre-acquisition profits and after deducting minority interests of the Enlarged Group for the year ending 31st December, 1973 is based on the assumptions that:—
(i) the sales trends indicated by orders received and deliveries already made continue throughout the period;
(ii) profit margins will not be materially and adversely affected by currency fluctuations or by the effects of Government counter-inflation legislation in the final four months of the year;
(iii) normally reliable overseas supplies are maintained and are not disturbed by any strike or other industrial action; and
(iv) interest rates continue at their present levels and the present level of stock market activity is maintained.

(b) Letter from Moore, Stephens & Co. and Pannell Fitzpatrick & Co.

The following is a copy of a letter from Moore, Stephens & Co. and Pannell Fitzpatrick & Co.:—

Moore, Stephens & Co.,
Bucklersbury House,
London EC4P 4BN.

Pannell, Fitzpatrick & Co.,
Lee House,
London Wall,
London EC2Y 5AL.
25th September, 1973.

The Directors,
First Finsbury Trust Limited (the "Company").

Dear Sirs,

We have reviewed the accounting bases and calculations for the profit forecast of the Enlarged Group (for which the Directors of the Company are solely responsible) for the year to 31st December, 1973, set out in the document dated 25th September, 1973. In our opinion the forecast, so far as the accounting bases and calculations are concerned, has been properly compiled on the footing of the assumptions made by the Directors and set out in the document, and is presented on a basis consistent with the accounting practices normally adopted by the Enlarged Group.

Yours faithfully,

MOORE, STEPHENS & CO.,
Chartered Accountants.

PANNELL FITZPATRICK & CO.,
Chartered Accountants.

(c) Letter from Slater, Walker Limited.

The following is a copy of a letter from Slater, Walker Limited:—

30 St. Paul's Churchyard,
London EC4M 8DA,
25th September, 1973.

The Directors,
First Finsbury Trust Limited.

Gentlemen,

We refer to the document dated 25th September, 1973, relating to the acquisition by First Finsbury Trust Limited ("the Company") of shares in certain United Kingdom subsidiaries (the "Hutchison Companies") of Hutchison International Limited.

The document contains an estimate of the profits of the Company and its subsidiaries for the year ending 31st December, 1973, assuming completion of the acquisition of the Hutchison Companies.

We have considered the letter dated 25th September, 1973, addressed to yourselves from Moore, Stephens & Co. and Pannell Fitzpatrick & Co. regarding the accounting bases and calculations used in preparing the estimate and we have discussed with the Directors and officers of the Company the bases upon which the estimate has been made. Taking into consideration the accounting bases and calculations reviewed by Moore, Stephens & Co. and Pannell Fitzpatrick & Co., we are of the opinion that the estimate of profits of the Company (for which its Directors are solely responsible) for the year ending 31st December, 1973, has been prepared with due care and consideration.

Yours faithfully,
for and on behalf of Slater, Walker Limited,
R. J. M. McMASTER,
Director.

10. General

The Directors are of the opinion that, following the completion of the acquisition of the Hutchison Companies, the Company will not be a close company as defined by the Income and Corporation Taxes Act 1970 as amended.

Save as disclosed in this document there has been no material change in the financial position of the Company and its subsidiaries, or the Hutchison Companies since the publication of their respective latest accounts.

No issue of shares will be made which would effectively alter the control of the Company or the nature of its business without the prior approval of Shareholders in General Meeting.

Save as disclosed herein, within the two years preceding the date of this document, no assets have been acquired or disposed of by or leased to the Company or any of its subsidiaries or are proposed to be acquired, disposed of by or leased to the Company or any of its subsidiaries.

Save as disclosed herein there are no contracts of significance (as defined by the requirements of The Stock Exchange) subsisting with the Company or its subsidiaries in which a Director's interest is material nor have there been any such contracts entered into within two years immediately preceding the date of this document but no longer subsisting.

With the exception of Sir Douglas Clague, who is a director of Hutchison, no Director of the Company has a material interest in any company carrying on the same or a similar type of business to that which will be carried on by the Enlarged Group.

Neither the Company nor any of its subsidiaries (including the Hutchison Companies) has any material litigation or other claims of material importance pending or threatened against it.

All capital and stamp duties, Stock Exchange listing charges, printing, dispatch, registration and other charges arising in relation to the acquisition of the Hutchison Companies and the applications mentioned herein to the Council of The Stock Exchange, will be paid by the Company and are estimated to amount to approximately £75,000.

Moore, Stephens & Co., Pannell Fitzpatrick & Co., King & Co. and Slater, Walker Limited have given and have not withdrawn their respective written consents to the issue of this document with the inclusion of their respective reports or letters and the references to their names in the form and context in which they appear.

11. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays and Bank and Public Holidays excepted) until 10th October, 1973, at the offices of Linklaters & Paines, 59-67 Gresham Street, London EC2V 7JA, and at the offices of Clifford-Turner & Co., 11 Old Jewry, London EC2R 8DS:—

(a) the Memoranda and Articles of Association of the Company and of Saalheimer, Grenville, PSO and Alpha;
(b) the Trust Deed and the Supplemental Trust Deed constituting the Loan Stock of the Company;
(c) the audited consolidated accounts of the Company and its subsidiaries and the Hutchison Companies for their two latest financial periods respectively;
(d) the joint report of Moore, Stephens & Co., and Pannell Fitzpatrick & Co. (together with statements of adjustments);
(e) the reports of King & Co.;
(f) the letters of consent referred to in paragraph 10 above;
(g) the letters relating to the profit forecast;
(h) the service agreement referred to in paragraph 5 above and the contracts referred to in paragraph 8 above; and
(i) the circular dated 7th May, 1973, to shareholders of the Company, giving details of the disposal of Walter-Poley.

25th September, 1973.

APPOINTMENTS

Legal Adviser -Property

£6,000 + car

This prominent, quoted company – a leader in the sector – has a formidable record of growth, and recent acquisitions have been highly successful. The top management team is young and enterprising, outstandingly professional, and takes a European view. Several major firms of solicitors are retained by the company to handle various aspects of its affairs. This post is being established so that an able solicitor with a flair for property can provide immediate advice at first hand, while instructing and monitoring the work of the professional firms. In addition to the conveyancing work, he will be involved with taxation aspects of property, exchange control procedures and joint venture agreements. A job at the very centre in London for a qualified man in his late 20's with the ability to make a creative contribution. (Personnel Services: Ref. PF26/4878/FT)

The identity of candidates will not be revealed to our client without prior permission given during a confidential discussion. Please send brief career details, quoting reference number to the address below, or write for an application form, and advise us if you have recently made any other applications.

PA Management Consultants Limited.
Personnel Services Division, Hyde Park House,
Knightsbridge, London SW1X 7LE

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required for expanding oil and tanker broking company. Major or independent oil company service an advantage. Likely age bracket 25-35 but not inhibiting. Salary Negotiable. Write Managing Director, Internaft Ltd., 27/28 Finsbury Square, London, EC2.

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Find your place in British Gas

TAXATION AND RATING

British Gas wish to make two important appointments in their Taxation and Rating Department at HQ in London. Each will be broadly concerned with all taxation and rating matters affecting British Gas, but, beyond that, will also carry responsibility for separate specialist functions.

Taxation Officer

up to £4647

Responsible for all schedule E matters relating to Industry personnel and for the administration of VAT; Secretary to Taxation and Rating Sub-Committee. ACA or ACCA. At least two years' specialist taxation experience, in large commercial enterprise or accountants' office, particularly relating to schedule E. Sound knowledge of VAT legislation. Salary £3627–£4647. Reference F 002 358 FT.

Rating Officer

up to £4647

Preparation, submission and agreement of rating computations and assessments. ACA, ACCA or IMTA. At least two years' experience of rating law and practice in nationalized industry or with local authority or rating consultants. Sound knowledge of rating law as it affects formula-rated activities. Ideally, with additional experience, gained in a large commercial enterprise, of corporation tax and schedule E. Salary £3627–£4647. Reference F 002 357 FT.

Application forms can be obtained from the Personnel Manager, British Gas, 59 Bryanston Street, London W1A 2AZ, quoting the appropriate reference. Closing date for applications 8th October.

BRITISH GAS

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Food Processing

The continued expansion of this highly successful East Midlands group (current t.o. approaching 8 figures) has created an exceptional opportunity for a university or business graduate, and/or a professionally qualified engineer or accountant, whose abilities and experience match the following essential requirements: (a) able to manage a complex poultry processing factory with a current throughput in excess of 10m. units per annum; (b) able to assume complete responsibility for the group's meat processing division employing several hundred people, within 6 to 9 months; and (c) able to contribute to the planning of the group's longer term objectives and justify early appointment to the Board. Salary negotiable, plus bonus, company car, and other benefits likely to accrue from continued profitable growth. Please write – in confidence – stating how each requirement is met to D. S. A. E. Jessop ref. B.28316.

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BIRMINGHAM GLASGOW MANCHESTER

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Highly respected City institution seeks a young Investment Manager to join a small team administering a very substantial international portfolio. Successful performance will lead to the senior investment position in about 18 months. Starting remuneration including excellent benefits is the equivalent of at least £6000.

Candidates, aged 24-32, will have several years experience of fund management in a City or Scottish institution, or alternatively be senior Investment Analysts in a firm of stockbrokers. Some knowledge of gilts and/or overseas securities an advantage. Application, judgement and initiative essential. (AN.867)

Please write briefly and in confidence to the Managing Director, Executive Appointments Limited, 18 Grosvenor Street, London W.1, quoting reference. No identities divulged without permission.

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British controlled Bank with outstanding growth potential seeks a new Chief Executive. He will plan and implement profitable expansion in the UK and overseas. Preferred age 42–52. Starting salary negotiable around £15,000 a year plus share incentives and cheap house loan. Location City of London.

Candidates will be senior executives in commercial, merchant or joint stock banks, preferably with some international experience. Powers of leadership, administrative ability and entrepreneurial flair are essential qualities. Successful performance will lead to substantial additional funds being made available. (AS.073)

Please write briefly and in confidence to the Managing Director, Executive Appointments Limited, 18 Grosvenor Street, London W.1, quoting reference. No identities divulged without permission.

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Loans controller required for the administration and control of the sterling lending portfolio of a merchant bank. Previous experience is essential, as are banking qualifications. The position entails a high degree of responsibility to the directors concerned.

Good salary, fringe benefits, etc

Write: Box T.2659, Financial Times, 10, Cannon Street, EC4P 4BY

Company Secretary

Guinness Mahon, merchant bankers, have a vacancy in their secretarial department for a qualified company secretary.

The department handles the corporate secretarial affairs of several group and client companies. Candidates should have gained at least 5 years' professional experience in a similar sphere. The position might appeal to an older man who is prepared to undertake a supporting role.

The commencing salary will be commensurate with the experience offered. An attractive range of fringe benefits apply, including house purchase and non-contributory pension schemes.

Applications will be treated in strict confidence. Please write stating age, qualifications and experience to:

The Personnel Manager,
Guinness Mahon & Co. Limited,
3, Gracechurch Street,
London, EC3V 0DP.

Analyst 25-30

c £5,000

Our clients, a medium well established firm of stockbrokers, are seeking an analyst. Ideally the candidate should have a degree with at least 2 years' experience as an analyst in the engineering sector.

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01-353 1858.

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on Wednesday, November 7th, 1973

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›lore power to the ›utch workers

IICHAEL VAN OS

LL the experiments in ›pation being carried out in ›therlands at present, the progress at a medium-size ›ic installations supplier in ›st of Holland is easily ›st interesting.

›of the scheme, including ›ofit-sharing arrangements ›aff rights have already ›practice for several years, ›number of addition pro- ›by the management of ›Beheer at Genemuiden ›wolle, have already been ›ed and accepted in prin- ›y the unions.

›s of the Breman family ›are to be shared on an ›asis by three parties: the ›lders, the staff and the ›n

›275-staff already have the ›decision participation in ›ng and firing of directors, ›making of acquisitions or ›g of companies (the hold- ›eight subsidiaries) and a ›of other policy matters. ›early contrasts with the ›improved but still lesser ›granted to company staff ›ational legislation where ›rks councils only have ›right to *consultation* and ›hold any veto.

›Breman arrangement, like ›at the Dutch insurers ›oyd (who where the sub- ›so much Press discussion ›this month) also closes ›ks council loophole in ›ecisions affecting the ›nt interests of the com- ›ust now be referred to ›kers before a decision is

›test proposals also cover ›pulsory establishment of ›ral works council at ›Its members will be ›from three existing staff ›which in turn have been ›by the small works coun- ›e six major subsidiaries. ›ee are a personnel, a ›economic, and a tech- ›ncil.

›gh not compulsory by ›man Beheer plans to set ›three-man supervisory ›one of whose members will have to come from within the company—while the day-to-day management will remain in the hands of the five Bremen directors who are all brothers.

One supervisory Board member will be appointed by Bremen, and—according to Mr. B. Eenkhoorn, the company's Administrative Manager, he should ideally have an economic background. The second member, who ideally would have worked in the personnel field, will be appointed by the staff while the third is appointed by the first two. He, argues Mr. Eenkhoorn, ought to have a legal background.

The new proposals also state that, again unlike national legislation, the chairman of the new central works council does not necessarily have to be a management representative, although a management representative may be invited to attend the meetings. Mr. K. Goudriaan of the CNN trade union, one of the major unions represented at Breman, commented that the management's proposals went further than national legislation but that the details still had to be hammered out and set out in a legal document. He added that the plan is still in an initial phase, but it begins to put into practice "one of the oldest aims of our union." Employees can now take up a better and more responsible position in the running of their own company, he argued.

Mr. R. Breman, the company's chairman, commented that the increasing role of the factory labour *vis-à-vis* capital should be recognised early. "But we are by no means a bunch of philanthropists. The people do not work harder than they did before, but they are showing more care and work with more efficiency and economy. They are more commercially involved, benefiting both labour and capital," Mr. Breman said.

The company's turnover of Fl.25m. (about £4m.) last year was up 25 per cent. on the previous year. But profitability was three time that of comparable companies, Breman reckons.

> "Even if the CBI's proposals had stood and the Government had acted on them, the effect would still have fallen short of the Dutch experiment. For Breman Beheer has now won the power of effective veto over certain management decisions. . . ."

The success of the Breman scheme will be watched with interest by those in Britain who are at present engaged in the debate over worker participation. Only last Monday the CBI showed itself divided on the question of whether the law should require all companies over a certain size to set up plant councils. The idea is favoured by the CBI's employment policy committee in a report it has just produced but the CBI itself has not endorsed it.

Even if the committee's proposals had stood and if the Government acted on them, the effect would still have fallen short of the Dutch experiment. For Breman Beheer has now won the power of effective veto over certain management decision, something which the CBI report emphatically does not recommend.

Sandwich degree at Henley

BY JOHN TRAFFORD

THOSE with sharp eyes will notice an intriguing addition to the 1973-74 prospectus just published by the Henley Administrative Staff College. Next year the college is starting its own postgraduate course in management studies using, for the first time in Europe and possibly anywhere in the world, a sandwich course system.

Since Henley was founded 25 years ago it has doggedly persisted with its 10-week general management course, while some 15 universities around the country have developed their own business studies departments or business schools and have been awarding masters degrees to graduates who complete the usual two-year stint satisfactorily.

Own course

The view that Henley should have its own degree course is firmly held by Professor Tom Kempner who took over as the college's principal a year ago. He searched around for a university with which to form a link and, Oxford, Reading, London and the City University not matching up for one reason or another, finally reached an agreement with Brunel.

Henley has now formally become an associated college of Brunel University. The Henley staff will act as teachers and examiners while the Brunel senate will approve the degree regulations and the exam results.

The new "graduate programme" is designed for young graduates who are sufficiently highly regarded by their employers to be released for the 18 months which the masters degree course lasts.

During the course they will spend five periods of about six weeks at Henley learning management theory and then follow these up with nine week periods at their own company. The idea, as with other sandwich courses, is to practise as soon as possible the things that are learnt at teacher's knee.

The first batch of 25 graduates is expected at Henley next May or June. Barclays Bank and the National Freight Corporation are likely to be sending people and a number of other banking institutions and industrial companies will also probably join in.

Thereafter courses will start every three or four months so that by 1975 there will be 50 students at Henley during most of the year.

At the same time, the teaching staff is being expanded by 13 under the aegis of Professor Ray Wild who recently came to Henley from Bradford to head the venture.

A management sandwich course may well prove popular with industrialists. Many of them like and know the system well enough when applied to training in engineering, the sciences and technology. Furthermore they have often criticised the over-academic approach of many a business graduate.

The sandwich course should go some way to meeting this criticism: so should Henley's requirement that candidates must already have two years' experience in industry, commerce or other organisation.

Protegees

But, apart from the quality of the teaching staff and the curriculum, success will depend ultimately on the attitude of the sponsoring companies. The way that they treat their protégées during the period of "in-company" training will be especially crucial—Henley wants each company to appoint a supervisor to plan the in-company phase and liaise with them.

Other management schools may well follow Henley in launching sandwich courses. Manchester, for one, is said to be considering a "thick sandwich," so the critics of the present system can feel some satisfaction.

YOUR BUSINESS PROBLEMS BY OUR LEGAL STAFF

Damage by contractor's workmen

When the roof of my business premises was being repaired, the contractor's workmen damaged the facing bricks of the wall. I have now received, but not paid, the bill. How can I get an assessment of the damage done? What do you think I should do?

So far as we are aware, only a surveyor can give an estimate of the damage done. You should then simply deduct this sum from the contractor's bill and pay him the rest, explaining the course you have taken. We do not see that therafter he could sustain any action against you unless he first put the damage right, in which case you would presumably pay his bill in full.

A statutory nuisance

I have received from the public health authority a list of repairs to be done as a result of a complaint from the tenant of a cottage I own. Some of these seem to have nothing to do with his health. Must I carry them out?

Statutory nuisances of this kind may be relevant to the tenant's comfort, as well as to his health. If you do not carry out the works requested, you can be summoned before the magistrates, who may make an order that you do the works, if they think the case against you made out. There is an appeal from them to Quarter Sessions.

Putting a stop to parking

A stretch of unadopted road lies outside my workshop and as far as I can make out, I own the land up to the middle of it. Constant parking on this land interferes with my business. Can I stop it?

We think that you can. In the case of an unadopted road there is no question of the surface of the land belonging to the highway authority, and the rights of the public over the road are only to pass and repass. As a practical matter, however, you can only enforce your rights if it is habitually the same vehicle. It is impracticable to chase a floating population.

A sale of goodwill

I am a veterinary surgeon and owing to ill health am selling my share of a partnership for £10,000. A friend has offered me a consultancy for this sum, which would give a retainer of £1,000 plus a share of profits on what I am able to earn. I am told that this would not enable me to avoid capital gains tax on my sale of the partnership share. What do you think?

Where a person sells the goodwill of his business (or of his share in a partnership business) and within three years acquires another business (or a share in another partnership) making a payment for goodwill, he can claim for the capital gain on the first sale to be "rolled-over" on to the new acquisition. Thus, capital gains tax liability is deferred until the final sale.

It would appear that the agreement with your friend should be made so that you are effectively acquiring goodwill. You should take professional advice on this point (and, of course, on the whole question of the investment of £10,000 and the related agreement).

A transfer of residence

We are an Isle of Man company with a U.K. subsidiary and are considering of asking the U.K. Revenue to agree to transfer the registration of the U.K. company to the Isle of Man. If we do so, would the company lose its U.K. tax losses against any future profits it might earn in the U.K.?

It would appear that the losses made before transfer of residence abroad can be carried forward and utilised against subsequent profits earned by the company in the U.K. which fall to be liable to U.K. corporation tax because the company is deemed to be trading through a branch or agency here. In order to get such carry-forward the company would have to be carrying on the same trade (see Income and Corporation Taxes Act 1970, section 177(1) and (9).

However, the whole question of the transfer of a company abroad (including obtaining the necessary Treasury permission) is an important matter and you must take proper professional advice.

A let through an agent

My house was let furnished through agents on a one-year lease which expired on July 31, the commission being 10 per cent. Last May the agents asked whether they could offer the tenant a further lease and I replied they could but that I was not prepared to pay more than half the previous commission. They refused to accept this and after further correspondence on my instructions they returned the deposit to the tenant. They have withheld the June rent. Are they entitled to do this? Is the termination of the agency linked to the termination of the lease? What is my position and what should I do next?

On the footing of the correspondence between you and the agent being as indicated in your letter we think that your contract to pay 10 per cent. of the rent was a contract for the term of one year certain if the let was originally offered for one year only. If so you are entitled to determine the agency for collecting the rent, and you would appear to have achieved this. You should therefore insist that the agency is ended and require all documentation to be handed to you or your new agent. If any rent for the period after the end of the year has been collected and remitted to you you should offer to pay at the rate you have offered pro rata. You can insist on the June rent's being paid to you.

Solvency on winding up

I and my cousin are sole directors and shareholders of a company which we are winding up. I am told by our accountant that a declaration of solvency must be sworn by both directors at the same time before a Commissioner of Oaths. As I live in Yorkshire and he in Devon this would be inconvenient. Is it necessary?

The declaration must be made "at a meeting of the directors". Section 283 (1) of the Companies Act 1948. Your accountant is, therefore, correct. The purpose would appear to be to ensure that a Board meeting is held before calling the company meeting (in the case of a members voluntary winding up).

A change of accountants

Over a year ago I made an agreement with firm X and Company on a joint venture under clause 8 in which weekly accounts were to be prepared by Y and Company chartered accountants and sent in to me. I have been satisfied with the accountants, but X and Company say they are not. They have appointed somebody else to look after the accounts, which recently they have failed to send me. Are they entitled to do this? What should I do next?

It is doubtful whether the accountants can be changed without your consent. We think that you should communicate direct with X and Company pointing out that they are in breach of their obligations under Clause 8 of the contract and requiring a full explanation of the position, full details of any accountants who may purport to have been appointed to replace Y and Company and full up to date accounts. If you do not get a satisfactory reply you should consult your solicitors.

›CUTIVE HEALTH

›e making of an alcoholic

›. DAVID CARRICK

›the more aggravating ›posed to Life Assur- ›rms is: "How much ›s liquor do you consume ›followed immediately ›*on sequitur*: "Have you ›een strictly sober and ›e in your habits?"

›foul would admit to a ›whisky or gin a day and ›pass unloaded, so to ›But policies apart, to ›m a patient just how ›imbibes daily is more ›cult. The true alcoholic ›deliberately misleading, ›heavy drinker may be ›ter, partly because his ›d, indeed, capacity, may ›different from the

›mber an elderly patient ›countenance who illus- ›th points well. An ex-Fleet Street Editor, oddly enough, he had been told to "lay off the booze" one year before because, as he put it, he had "a dicky liver." Academically interested, I asked him if he had been a heavy drinker.

"No! No!" he replied emphatically. "Moderate, if you like. Never heavy."

"What would you consider moderate?", I asked.

"Oh a bottle and a half of whisky a day—plus odds and ends of course."

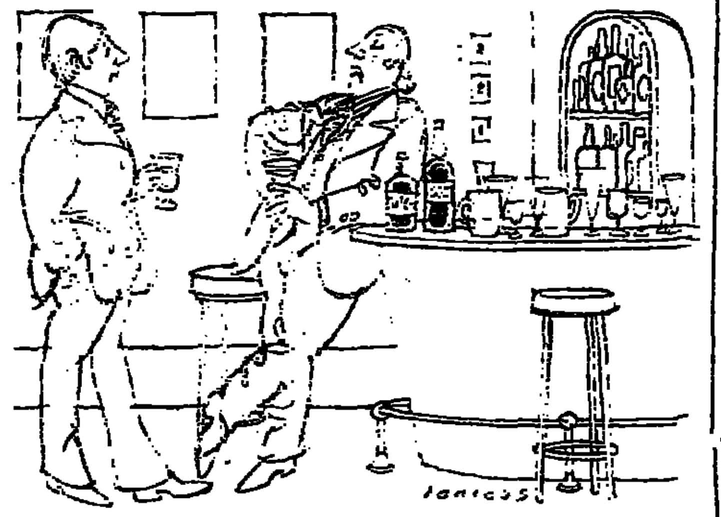
"And for how long?" I inquired.

"Dunno exactly," he answered. "40 years give or take a month or two, I suppose."

Now his vagueness about the "odds and ends" in contrast to the certainty of the bottle and a half strongly suggested that the latter was in his office and the "odds and ends" were in pubs and doubtless amounted to upwards of 50 per cent. of his office stock-pile. Yet, at 75 years of age, he was displaying only mild liver damage.

How his constitution had put up with this 40 odd years siege I cannot imagine, but the most interesting point was his belief that he was a moderate drinker and I often wish I had asked him what would constitute a heavy drinker.

Subsequent observations make me think that he was really an alcoholic as opposed to a heavy drinker. My only reason for this supposition was his remarkable resilience to heavy and persistent drinking, a curious feature seen in many alcoholics who, despite years of imbibing at levels that would kill normal people in less than a decade, stagger on with surprisingly little organic damage and lurch from one savage crisis to another often to survive their sober fellows, even if their lives are a living hell to themselves and their families.



. . . a bottle and a half a day—plus odds and ends. . . .

Although many of the penalties of the excessive use of alcohol are common to either category (and indeed to the more uncommon dipsomaniac) there seem to be different types of personality involved as well as particular circumstances.

The dipsomaniac can be dismissed briefly. Usually an individual of psychopathic or pre-psychotic personality, he indulges in paroxysms of fierce drinking during any of which he may be injured or killed (by falling down stairs, for instance) through his uncontrollable behaviour. His drinking has a periodicity about it and, in between bouts—often many months—he does not drink and may even show revulsion for any form of alcohol.

Intolerable

If employed in an executive position his behaviour is so evidently intolerable that it cannot be ignored.

The other two types create greater problems because they are far more numerous and, in the early stages at any rate, are less obvious. But either variety—the true alcoholic, who drinks his bottle or more of whisky a day for many years (interrupted only by DTs and periods of being "dried out") or the executive whose particular work encourages the consumption of a large and mixed quantity of alcohol daily and tends to display signs of physical damage in his early 30s—will sooner or later develop serious mental and physical evidence of chronic alcoholism which may bring ruin to himself, tragedy to his family and damage to his employers.

Details of the various penalties will be outlined in a subsequent article.

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WEDNESDAY SEPTEMBER 26 1973

No one owes us a living

TO-MORROW the Government and the TUC meet again to discuss the shape of Phase Three. Throughout most of this Summer the feeling has been growing that the two sides have basically been engaged in a form of tactical shadow boxing. Neither side has made a secret of the fact that it regards the chances of any meaningful agreement as slim. Each side has been manoeuvring in such a way as to ensure that the blame for any breakdown would fall on the other.

What has been lacking is a general appreciation of the seriousness of the situation which this country faces. If any reminder could drive this point home, this week has provided not only one but two for good measure. The first has been the decision by Chrysler to dismiss 8,000 men and scale down the size of its operations in the U.K. unless the Coventry electricians' dispute is settled quickly, or, at the least, Linwood continues normal working next week. Let there be no mistake. However the blame for the dispute may be apportioned, the company once having taken its decision in principle, Chrysler U.K. is now on trial.

Use of resources

Any argument about Chrysler undertakings given at the time of the take-over are totally irrelevant in this context. It undertook to build motor vehicles in this country. It did not bind itself to make very large losses because it simply cannot make cars. Chrysler does not owe us a living, just as little as any other foreign investor or the world at large. And it was precisely this point which, in a wider sphere, Lord Rothschild was making in his speech on Monday.

"We have to realise," he said, "that we have neither the money nor the resources to do all those things we would like to do and so often feel we have the right to do." All of us must accept this accusation as being in some measure aimed at ourselves. A Government is bound to reflect national moods, national aspirations—and national illusions. Yet it is also true that on a day-to-day basis it is the Government which determines the use of our national resources, which lays down the priorities, which determines the general level of activity of the economy.

Mr. Heath could do a lot worse to-morrow than to start off his meeting with the TUC by reading out what Lord Rothschild had to say. The danger if inflation is not contained may not be so immediately obvious as the threat at the time of the Battle of Britain to which Lord Rothschild referred. It is very real and very great for all that. The continuation of a situation in which domestic inflation depresses the exchange rate while in turn a falling exchange rate feeds domestic inflation is not one at which one can simply shrug one's shoulders.

It is of course possible to argue that the role of the TUC leadership is not a particularly important one at this stage, that what really matters is the reaction of the man or woman on the shop floor. The Government is obviously hoping that it will obtain in Phase Three the "reluctant acquiescence" which Phase Two commanded. Yet the climate has changed since the Spring and the chances of an effective Phase Three would undoubtedly be enhanced if the TUC leadership accepted the necessity of the proposed measures.

Even if, however, such acceptance could be secured on the grounds of national emergency—and the chances do not look very bright—the Government still has to act in those spheres which are directly and specifically its responsibility. No incomes and prices policy can work if the economy is overheated and the money supply allowed to grow too fast.

Economy overheated

That the economy is badly overheated there can be no doubt. In the South-East the number of unfilled vacancies is now more than twice as high as the number of unemployed. The scramble for labour is on. Wide areas of industry are affected by materials and component shortages. And if any national indicator were needed to bring the lesson home, the trade gap does just that—at a time when British exports overall are more price competitive than they have been for many years.

The Government can plead that to throttle back now, when no-one can any longer be certain just how long the world-wide boom may last, would be untimely. It is certainly true that it should have acted some considerable time ago, at the latest in this year's Budget. It is clearly worried about the effect which any cutbacks in demand would have on the unions and on general confidence.

But can it really be argued that a recognition that there are limits to what the economy can bear would be more destructive of confidence than the present position? We are for once in a situation where home demand could be moderated without any major impact on the overall level of activity. The export opportunities are there if the goods are available. Exporting may not be positively fun but it is highly profitable for many British companies.

The area where the cuts should come first is Government spending. As it is, the indications are that Government expenditure has been falling short of estimates because of the sheer inability to place orders, particularly in construction. The Government should make a virtue of this necessity. It should hold back orders which it may be about to place and should announce this, and it should make clear just how far its spending is falling behind schedule. Nothing would be better designed to restore confidence to financial markets than the knowledge that the Government was determined to bring down its borrowing requirement.

Secondly, it will have to keep the money supply under much stricter control than in the past. Interest rates must by now reflect inflationary expectations to a considerable extent. Industry is reasonably liquid, provided that the Government does not clobber profits in Phase Three. Some relief may in due course come on the international interest rate front. The key to confidence is that industry should believe that the Government has got a grip on the economy and that it will itself be able to make rational forecasts about future costs. Industry's greatest fear is that if we go on inflating at the present rate the inevitable Stop would be the worst this country has seen for at least a generation.

The ultimatum from Chrysler U.K. to its workers gains credibility from the growing integration of the parent corporation's European interests. A run-down in Britain could be taken up elsewhere . . .

The threat to Britain's place in Chrysler's empire

BY JAMES ENSOR

THERE HAVE been many threats over the past five years by major American automotive corporations about diverting investment away from Britain. The chairmen of both Ford U.K. and Chrysler U.K. have issued such ultimata during past strikes. Often, it would seem, the British trades union movement, particularly at shop floor level, has lulled itself into the cosy belief that such threats would be too expensive to carry through. Certainly, both companies have continued to invest substantial sums in Britain, despite threats made in the heat of a strike.

But few people could be so complacent as to think that Mr. Gilbert Hunt, chairman of Chrysler U.K., was bluffing on Monday night when he warned that the company would dismiss 6,000 manual workers and 2,000 staff—or about a quarter of its British employees—unless the current labour troubles are solved. For there is one major difference between Mr. Hunt's warning and earlier pronouncements. Mr. Hunt gave detailed figures and a clear timetable; it is unlikely that anyone of Mr. Hunt's intelligence would make such a careful plan unless he was prepared to carry it out.

Weariness in Detroit

There is clearly a sense of bitter frustration within Chrysler. This is apparent amongst the production planning and sales staff at the Coventry offices; it is apparent at the London headquarters. More ominously, it is apparent at the Detroit headquarters of the Chrysler Corporation, where there is a growing weariness with the pugnaciousness of the British car worker. Some observers in Detroit evidently believe that Mr. John Riccardo, the tough ex-accountant who presides over Chrysler, would be happy to sell its British operation if he could find a buyer.

For in the eight years since Chrysler bought its first 30 per cent. stake in Rootes, later renamed Chrysler U.K., the company has had only four years of profitable operation. The modest profits made in those good years of 1968-69 and 1971-72 have been washed out by the losses in a single bad year. Overall, in the eight years from 1965 onwards, the company has accumulated losses of £21m. This year, which started with great promise as Chrysler U.K.'s production and market share rose, may well now turn out to be the worst of all.

Although Chrysler was able to buy into the ailing Rootes operation relatively cheaply—picking up the final 12 per cent. of the shares for only £6m.—it has invested substantial sums in modernising and re-equipping the obsolescent plants and in introducing new models. The balance sheet sum of capital employed by Chrysler U.K. has doubled from £42m. in 1965 to £85m. in 1972, but this probably understates the actual investment. Every one of the four major British plants has been expanded and modernised and because of the British company's poor cash-flow situation, a part of this spending has had to be funded from the U.S.

Chrysler, as the smallest and least profitable of the three major U.S. automotive corporations, is least able to finance continuing losses in its overseas operations and least tolerant of their labour or management problems.

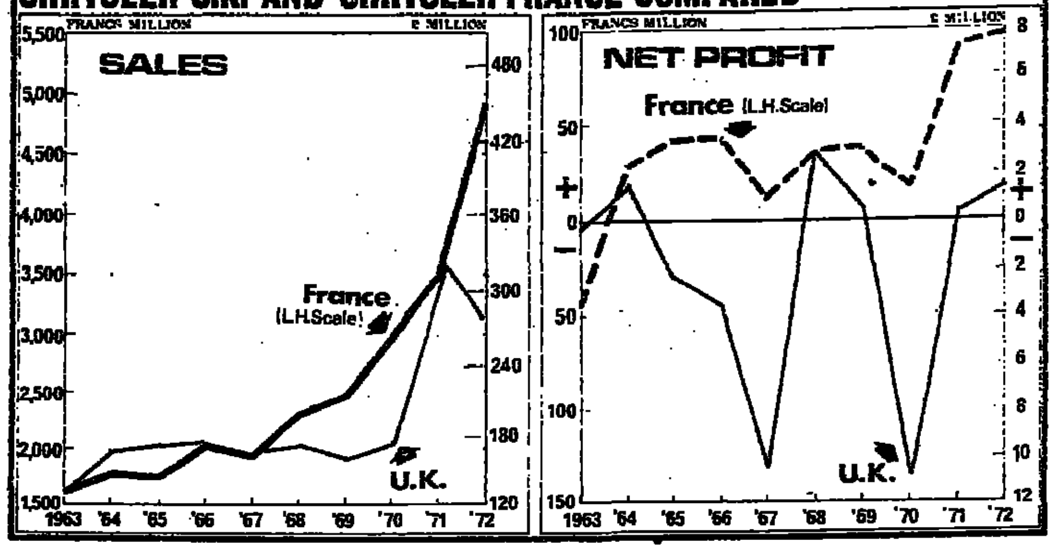
Chrysler expected to face problems with its new European acquisitions, but in each case the problems were more severe than the American corporate management had bargained for. In Spain, wrangles between the Barreiros family and Chrysler and stiff competition in the key truck market from the Leyland associate Pegaso led to losses in market share and on the balance-sheet. In France, a clash between Gallic and American temperaments and a sharp philosophic difference on important car design questions led to considerable arguments in the Boardroom. And, in Britain, the labour situation proved to be altogether more complex and frustrating than the Americans could have imagined.

The fastest growing

In both France and Spain the problems to-day have been substantially solved. Simca has lost market share within France, but this has been more than compensated for by a surge of exports to the other Common Market countries, including Britain. Production, which has not been seriously interrupted since Chrysler acquired control of the company in 1963, has grown rapidly, making Simca the most expansionist operation within the whole Chrysler empire. From total output of only 260,000 cars in 1962, Simca has doubled in a decade to reach just under 500,000 last year.

The French company, which made a substantial loss in 1963, earned modest profits throughout the decade. In the past two years, helped by the popularity of the Simca 1100 in Germany and other European export markets, Chrysler France recovered to a profitability that compares with that of other European car makers—though it is still far below what Chrysler is used to earning in North America.

CHRYSLER U.K. AND CHRYSLER FRANCE COMPARED



The Spanish company plunged heavily into the red during 1970 and 1971, losing 800m. and 700m. pesetas in these years. But last year's recovery, engendered largely by exporting Simca Milles back into France, helped Chrysler Espana to turn in its first small profit for many a long year. With the Spanish market growing faster than any other car market in Europe, Chrysler confidently expects that its troubled subsidiary, which holds fourth place in the market, will show increasing momentum.

CHRYSLER PRODUCTION WORLD WIDE

Make	Country	Volume
Plymouth	U.S.	614,000
Dodge	U.S.	517,000
Simca	France	493,000
Dodge/Plymouth	Canada	265,000
Hillman	U.K.	243,000
Mitsubishi (affiliate)	Japan	223,000
Chrysler	U.S.	205,000
Simca	Spain	47,000
Plymouth	Australia	40,000
Imperial	U.S.	15,000
Valiant/Hillman	South Africa	11,000

Deep-rooted problems

Only in Britain has Chrysler found the problems so deep-rooted that losses have continued. The irony is that in the first-half of this year, helped by the strong U.K. market and the continued success of the Avenger, Chrysler U.K. was earning profits comparable to those of Chrysler France. The management was just beginning to congratulate itself on turning the company around when it ran headlong into the most serious run of labour disputes in its history.

The current electricians' strike and the earlier "shoddy work" dispute when Chrysler sent workers home for producing poor quality cars, have cost the company some 60,000 vehicles. In this year, with such strong domestic demand and the Avenger just launched in the Common Market, there can be little doubt that Chrysler could have sold most of its potential output.

The loss over a three-month period of around 20 per cent. of the company's annual output is a body-blow of a kind which in its precarious financial position it can ill afford. The Chrysler Corporation has deliberately turned off the investment tap and instructed its British operation that any future expansion must be financed out of its own earnings. Thus Mr. Gilbert Hunt is bitterly aware that the long-drawn-out battles of the past months have cut into the company's future growth.

Three million man-hours which Chrysler has lost within its own plants this year are greater than the loss for the whole of last year. In financial terms, they probably mean the loss of £50m. to £60m. sales revenue. They certainly mean that Chrysler U.K. will not show a profit in 1973.

Chrysler's operations in Europe are considerably smaller than those of General Motors and Ford and geographically more diffuse. General Motors, for example, produces more cars from its highly profitable Opel plant at Russelsheim than Chrysler does at Poissy, Coventry, Linwood and Madrid together.

The company's long-range plans for strengthening its European operations involve a far-reaching integration of the British, French and Spanish operations. The Chrysler 160/180 car line, designed in Britain but manufactured in France for sale throughout Europe, is a forerunner of future models. Next year, a smaller car in the 1500-1700 cc range would be introduced to replace the ageing French and British designs in this size range. Like the Chrysler, it would have a common styling, and would probably be manufactured in Britain, France and Spain.

This strategy will give Chrysler a great deal of flexibility to build up production in Europe wherever it finds the most hospitable climate. The French had hoped to build a new plant at Valenciennes, a proposal which was prematurely announced by President Pompidou but officially denied by Chrysler. Instead, the company evidently planned to make better use of spare capacity at its British plants, particularly at Linwood. But the strikes in Britain this year must have given Chrysler cause for reflection.

Taking up the slack

The growing integration of Chrysler on a European basis is what gives force to Mr. Hunt's threat. If Chrysler U.K. were a purely British concern, the reduction in labour and corresponding rundown in output which the plan implies would be self-defeating. But it is no longer a purely British company, and it would be simple for Chrysler to re-allocate export markets either to Simca or to its Japanese affiliate Mitsubishi to take up any slack caused by British decline.

To some extent this is alread happening. Chrysler failed t anticipate the strength of th small car boom in America an did not develop a sub-compa to compete with Ford's Pint and GM's Vega. Instead, imported British and Japanes small cars. Initially the Hillma Avenger—sold as the Plymout Cricket—and the Mitsubisl Colt—sold as a Dodge—starte on an equal footing. Chrysler own internal evaluation showe the Avenger to be much the be car in design terms.

But the failure to supply ca to meet delivery deadlines an the poor quality of some ca despatched led to the wit drawal of the British mod from the American mark Plants which are constant interrupted by strikes rare produce trouble-free cars an Chrysler's proved no exceptio It was concern over quali which led Chrysler to take su a hard, undiplomatic a apparently ill-conceived line the "shoddy work" dispute.

Centre for expansion

In South Africa, too, whe British cars are assembled fr kits, Chrysler has introduced Mitsubishi. Since the Americ company has only a 35 per ce stake in the Mitsubishi c company but directly ow Chrysler U.K., a decision substitute Japanese for Brit cars is not taken lightly. But the British plants continue fail to meet output targets, m such decisions are likely in t future.

The fact that major int national car companies can a do switch their source of sup in response to poor output p formance is obvious from t history of Ford. But in the lo strike in 1970, Britain wo almost certainly have been t centre for an expansion of For engine manufacturing capac to supply overseas assem operations. Instead, the pl was based in Brazil. Similar British labour relations a the resulting uneven qual of British cars played a p in the decision to exp German instead of Bri Capris to the U.S. and to tra fer the production of the F Pinto engine from Britain America.

Major transfers of resour cannot be made easily, even American multi-natio corporations. No compa would willingly close down operational plant in one cour in order to build another fr scratch somewhere else. Ho ever, firms can divert future sources to the most appropri site. But for the strikes, th would almost certainly Britain in Chrysler's case.

MEN AND MATTERS

Silence is golden?

In one sense at least, the proposed takeover of Alexanders Stores by Cedar Holdings is an appropriate one. The Cedar directors have never been noted for their willingness to talk about their business; indeed, although they give face-to-face interviews with the Press, they never make themselves available to journalists over the telephone. And, on the evidence of yesterday, they are linking with equally uncommunicative partners. Dr. Edward Miller, one of the directors at Alexanders, said, when rung, that the company was always receiving offers and stressed that there could be "no comment at this end" on the Cedar announcement.

Why Alexanders should be so coy is a little mysterious since, according to the Cedar announcement, the Miller family, which controls over 90 per cent. of the equity, "irrevocably committed themselves to accept the offer." The three directors — Dr. Edward Miller, Martin Miller, and Jack Miller, the chairman—will also, according to the statement, "be entering into service contracts for a period of five years," in order to continue and develop Alexanders' furniture retailing business.

But why should Cedar, one of the big names in the second mortgage business, be buying a furniture retailer? The answer seems to lie in Alexanders' property — 14 shops scattered through most of Scotland's larger towns. Earlier this year Cedar, which has Scottish and retailing origins itself (the chairman, Jack Morrison, once ran some shops in Scotland) merged with the property group Amalgamated Securities in which the Morrison family already had a substantial stake.

Now Cedar evidently wants to continue building up the asset backing for its banking business. That would, of course, mean greater lending potential. How that fits in with its strenuous efforts to develop its retail banking in recent years (3 per cent. interest on current accounts in credit) remains to be seen.

Passport problems

Tanzania's decision not to admit people with South African, Rhodesian or Portuguese stamps in their passports will mean more work for the British Passport Office. For some time now it has been discreetly issuing "temporary passports" to businessmen or tourists visiting sensitive countries. These enable visitors to present one "clean" passport, without any offending stamps, while keeping another one for regular travel.

Several Arab countries will not countenance Israeli stamps; some countries have been known to refuse admission to people with Communist stamps; and Algeria and Guinea are already doing what Tanzania proposes to do.

The temporary passports are valid only for a year (their secondary use is for businessmen who travel a lot and find there are long delays in obtaining visas). Clearly travellers are going to have to be increasingly careful about showing passports with the wrong stamps. But some Israeli frontier officials unofficially solve the problem by, if asked, not stamping passports at all.

Tuning in

The razzmatazz for the birth of commercial radio has started to build up. Would you believe, for instance, that if you tune into 417 metres on the medium wave band (or 97 VHF) at 8.15 this morning you could hear the first ever radio commercial transmitted from the mainland of Britain. London Broadcasting which starts regular programming on October 8, has persuaded the Post Office to allow it to transmit a commercial to sell the station.

It has alerted 11,000 potential advertisers and their agencies through a mailing slot and those that listen this morning, or to-morrow at noon, will get 15 minutes of interviews with the presenters of London Broadcasting. If this seems too incestuous to make bright listening, it will also be a second milestone in British commercial radio associated with the new station. For one of London Broadcasting's shareholders is George Clouston of IBC Sound Recording Studios, and back in the early 1930s it was in one of Clouston's studios that the first commercial made for a British audience was recorded. It featured Gordon Selfridge telling Radio Normandie listeners to come to shop at Selfridges.

Fairley bows out

Alan Fairley, the man who built up Mecca, the business that brought us such goodies as "Come Dancing" and "The Miss World Competition," has eventually decided to take what he calls a "postponed retirement." When Mecca sold out to Maxwell Joseph's Grand Metropolitan Group in August, 1970, Fairley told shareholders he would be leaving after about a year when the two companies should have settled down together.

Instead, he stayed on for more than three years. "During that time there have been moments when the tension between Mecca's chief executive Eric Morley and the troica who run Grand Met.—Joseph and the two managing directors Stanley Grinstead and Ernest Sharp—became obvious to the world at large. Was Fairley's role one of smoothing things over? Definitely not, he says.

The explanation comes from Grinstead. "Mr. Fairley built up Mecca and the staff identified with him and showed him a great deal of loyalty. We certainly did not want to see him go in a hurry." Fairley is now 71 and although he has always maintained "business is my only occupation and hobby," he has decided he now has had enough.

He developed Mecca with the late Mr. Carl Heimann, a Dane, from the early 1940s when they took control of what was then principally a catering group. Fairley's father owned a catering and dance hall business in Edinburgh so he was born into the business.

For years he used to design the Mecca dance halls, himself and attend to every detail, right down to the door knobs. But he has been gradually giving up responsibilities and resigned as chairman in 1972. Now he is leaving the Board of the parent concern Grand Met. but will remain "consultant to the entertainments division of the company."

Greater Britain

"The British Government has approved construction of an English Channel tunnel that could establish a rail link to the continent by 1980. The tunnel would cost an estimated 468, pounds if built Wednesday"—From a report in the Jakarta Times, which appears to have even more confidence in our construction industry than Mr. Heath.

Observer

Swelling the ranks of discount traders

BY SANDY McLACHLAN

LAUNCH of Argos dis- stores under the guiding If Mr. Richard Tompkins, 'nt managing director of Shield Stamps, has proved ant success. The range of offered, from consumer es to jewellery—all at itial discounts on prices d by conventional s — produced such a l that stocks of some were quickly exhausted e company is still trying n up.

s is only the latest com- o join the discounting gon, and in spite of the ublicity, it is no isolated story. Over the past few pecialist discount stores nerged in fields ranging od to furniture, and their ttom prices are present- eal challenge to existing outlets.

e United States, discount- been a feature of the cene for some time and od of rapid growth there rently over. In the U.K., r, the trend to discount- nly just gathering pace. are probably no more dozen identifiable dis- chains of any size and f these are in their If Argos achieves its 300 stores within three will have pushed itself the forefront of develop-

olished

uccess of the pioneers— show on average a 50 t. per annum growth in profits over several years apidly attracting new mers, including existing . The latest of these is ion, the subsidiary of Electric Traction, which announced that it pen discount warehouses to complement its 300 retail outlets whose main business is TV rental. The discounters' penetration may currently be sparse both geographically and in product terms, but it is not likely to remain so for long.

Discounting means under-cutting the manufacturer's recommended price. This has been going on at least since retail price maintainance was abolished in the middle 1960s. Therefore the emergence of "discounting" as an identifiable sector of the retail trade must involve more than just selling below the recommended retail price.

In the grocery trade, groups like Tesco had already undermined the existence of RPM by developing the self-service supermarket. This involved the reduction of labour overheads at the point of sale—that is fewer shop assistants, allowing lower prices.

The formal abolition of RPM enabled retailers in other fields to institute more flexible pricing policies, either by using bargains or loss leaders to attract customers, or by trimming retail margins across the board on the basis that extra profit could be won from higher sales. The abolition allowed grocery retailers to pursue their pricing policies without obstruction from suppliers (which previously was not uncommon) and to turn their attention to non-food goods.

The supermarket and the cut-price conventional retailer were in effect offering the public an extension of the range of shopping possibilities, either in the sense of shopping around to find where a particular commodity was on special offer, or by accepting a lower price, lower service facility.

The true discount retailer takes this idea to its logical conclusion and relies on the sheer price attractiveness of his products to bring in customers. He largely dispenses with service — whether in terms of surroundings (many discount operators operate from lightly converted warehouses), location (rents are cheaper in non-central areas), or wide product range.

He concentrates on cutting prices to the lowest level consistent with making a good profit and usually does this throughout his product range rather than picking special products to promote from time to time. Usually he concentrates on selling manufacturers' branded products rather than own-label goods, so that he is proving value for money as well as offering a low-priced commodity.

Mr. Richard Tompkins of Argos.

Perhaps the most easily identifiable discount company is Kwik Save Discount, the grocery chain started by Mr. Albert Gubay (since retired to New Zealand) on the simple philosophy of "pile it high and sell it cheap." This group avoids any opulence in the presentation of its goods on principle and restricts its product range to "necessity" items. The housewife will know most of the prices of these and can calculate the savings. Kwik Save is equally prepared to open small or large stores: in either case its philosophy remains the same.

As with a number of other discount operations, Kwik Save's business is based in the North Midlands, and this brings it into close contact with another grocery discounter, Asda, the Associated Dairies subsidiary in this field.

Asda is a bit more glamorous than Kwik Save, operating from large stores and offering a considerably wider product range. Partly for this reason, the two seem complementary rather than competitive when sited close to each other. The apparent explanation is that each has something special to offer the shopper, and that, once attracted to one the housewife will avail herself of the other facilities too.

Branded

Although Asda now has many of its stores custom-built, some of its original outlets were converted textile mills. The use of converted premises is not an unusual starting point for discount operators. It was a move from a small store in Norwich to a bonded warehouse (part of a railway siding) which provided the foundation for Queensway, the furniture discounter that same to the stock market this summer.

Queensway, which started in carpets and moved into furniture as trade expanded, is a classic example of the development of a discount business. Large low-cost premises allowed a good display of goods—albeit in bare surroundings—but at much lower prices than in department stores. As this formula attracted custom, the build-up of sales allowed the company to improve its price competitiveness further by bulk purchase. Now Queensway is spending money to improve the layout of its furniture and carpets, but still withi nthe context of out-of-town warehouses and a selling slogan which states: "Guaranteed the lowest price on earth."

Kwik Save and Queensway are only two of a number of companies who have made their Stock Market debut on the back of the discounting boom. In the furnishing field there have been two others: Allied Carpets and Knott Mill Holdings, which is a specialist carpet retailer relying on high turnover and bulk purchase to enable it to offer branded makes at discount prices.

In electrical goods, Comet Radiovision Services operates a number of discount warehouses in addition to its mail order and conventional retail business. In the do-it-yourself field, Status Discount operates more than 40 retail stores whose main sales are paint and wallpaper.

In some areas discounters tend to band together to offer as wide a range as possible to customers. Kwik Save, for example, lets out space to other retailers in some of its larger sites and it is common to see Status and Kwik Save side by side. Cut-price motor accessories are another useful adjunct to a discount complex. The retail discount side of Kettering Motor Services, for example, shares a site with Kwik Save in Rochdale and another with Status in Mansfield.

The discount groups' share of the total retail turnover is probably still not much more than 1 per cent. But with faster than average growth, together with the increasing number of new entrants to the field, they are expected to treble this market penetration by around 1980.

Varieties

Although new companies with their roots in discounting will be the most obvious participants, a share of this expanding market will undoubtedly go to established retailing groups who see a discount operation as an extension of, or complementary to, their existing trading pattern. The traditionally high-cost retailers — the department stores — are in a number of cases moving into discounting in out-of-town hypermarkets, some in partnership with major food retailers.

As the varieties of cut-price retailing ventures proliferate it will become increasingly difficult to put a figure on the sales of "true" discount operators. But for the consumer, who is unconcerned with statistical definition problems, the benefits are unlikely to be in doubt. Aggressive cut-price operations, whether in armchairs or baked beans, will not only sharpen competition across the board, but will offer a wider choice between varying combinations of convenience, service and price.

abour News

ngineering deal for nite-collar grades

HN ELLIOTT, LABOUR EDITOR

ERING employers and iders have completed a w agreement covering in 300,000 white-collar It is aimed at consoli- isting staff relationships ing for an expansion of ur unionism.

deal is the first al agreement reached by the Engineering s' Federation and three ar unions—the Associ- Professional, Executive, and Computer Staff with the white-collar of the Transport and Workers' Union and the nd Municipal Workers'

et signed

e clerical and similar has been agreed but ened. Talks aimed at e similar arrangements ical staff are about to the technical section malgamated Union of ng Workers and the on of Scientific, Tech- Managerial Staffs. -making aspect of the clerical deal is that negotiating rights in a new bargaining unit would automatically go to whichever of the three unions has majority membership. That would, it is hoped, reduce inter-union friction as white-collar unionism expanded.

The majority union could invite the other two to join in negotiations, but if it did not do so they would only have rights to deal with managements on cases affecting individuals, not collective bargaining.

The unions have also agreed a move which the employers hope will keep them as far as possible out of inter-union rows. Unresolved disputes between unions over recruitment and spheres of influence are to be passed to the TUC disputes committee before any industrial action is staged.

Improved redundancy arrangements in the agreement provide that employers must allow up to four weeks for consultation before giving formal notice of redundancy dismissals. Dismissal disputes procedures have also been speeded up.

yland to brief unions management changes

EL HOWELL, LABOUR REPORTER

LEYLAND is to brief ders at a meeting in t month on the com- cent management re- on

meeting — timed to with the regular Con- of Shipbuilding and ng Unions meeting in lows a management earlier this month and nation of Mr. George as managing director. urnbull's resignation disagreements inside eyland over the re- on, and at the time minent union leaders their shock at his

Next month's meeting is likely to be designed to remove some union doubts and explain to the leaders the implications of the reorganisation in what for private industry is still an unusual exercise in top-level consultation.

One of the effects of the shake-up has been to deprive Austin-Morris of its status as a self-contained product division, manufacturing and purchasing responsibilities having become a corporate function. This follows the announcement earlier in the year of a £500m. five-year British Leyland investment programme.

d in sight to Adwest gineering sit-in

ER CARTWRIGHT, MIDLANDS CORRESPONDENT

n the five-week-old "sit- nearly 600 production and staff at Adwest ., Reading, was in night. A 14-hour meet- just before 5 a.m. yes- id was followed by e hours of talks in the

es have been called to to-day. A recommen- end the strike is o be made on the basis als for a settlement out between manage- union representatives

s cut

Engineering is a supplier of power steer- the Motor and Allied including construction makers. The cut in rced Jaguar to lay off ers and suspended out range of XJ6s only after being introduced rankfurt Motor Show the month

Other customers including Ford, Aston Martin, Rover, Jensen and Lansing Bagnall—which used its good offices to bring the two sides together—had to reschedule production to avoid lay-offs.

The strikers were demanding assurances on job security—in the light of some equipment having been transferred to an associated factory at Sunderland—increased bonuses and wage rates.

After the meeting Mr Pat Farelly, district organiser of the Amalgamated Union of Engineering Workers, the only union representing production workers, said that assurances had been given regarding future prospects at Reading in terms of investment and jobs.

The wages structure would be overhauled to ensure it would attract the number and quality of workers required for the future.

More Labour News, Page 14

Plan for a smaller Earls Court centre

BY JOE RENNISON

IF PLANS put forward by Sterling Guarantee Trust are approved the size of Earls Court, the main London exhibition centre, will be reduced from 500,000 square feet to 300,000 square feet after redevelopment.

This would mean that major exhibitions such as the Motor Show and other large industrial exhibitions requiring a large amount of space—about 13 in all—would have to move to the new exhibition centre being built in Birmingham.

Earls Court will probably be phased out for redevelopment during the latter part of 1976 and reopen at the end of the decade.

The new centre will incorporate all the latest ideas for exhibition work and will include a trade centre and shopping facilities.

While Earls Court is closed exhibitions wanting to remain in London will have to move to Olympia.

When Earls Court is reopened Sterling's intention is to close Olympia. What will happen to the 11-acre site is as yet uncertain but it is unlikely to remain as an exhibition centre.

Mr Jeffrey Sterling, chairman of Sterling Guarantee, said that it was far too early to speculate about what would happen to the site. The project was still some six or seven years ahead.

Development

Some form of comprehensive development was likely to take place, he added, incorporating offices, shops and housing. It was to be hoped that some form of development suitable for that area at that time could be arranged between the Borough of Hammersmith and the development company.

There would be ample opportunity for dialogue with the planners before redevelopment took place.

The redevelopment of Earls Court site is being undertaken in conjunction with Town and City Properties.

Wanted IRA leader at Belfast funeral

BY RHYS DAVID

BELFAST, Sept. 25

MR. DAVID O'CONNELL, the wanted Provisional IRA leader, slipped into Belfast to-day to appear at the funeral of Mr. James Bryson, a Provisional staff captain who died at the week-end after being shot by the Army three weeks ago.

Mr. O'Connell—wanted on both sides of the border—left after the church service and was not present at the cemetery, where it was thought he might give the graveside oration. This was given instead by Mrs. Marie Drumm, vice-president of the Provisional Sinn Fein, whose speech indicated that the dispute between the Official and Provisional wings of the IRA is far from settled.

She criticised the Officials, who are widely believed by the Provisionals to have played some part in Bryson's death for reserving their policy of non-violence for the British Army. She said they had not hesitated to use violence on others and warned that "their guilt would receive its own red wages."

Several thousand people lined the streets for the military style funeral, but there was no massive display of uniformed IRA strength. The coffin, draped in an Irish tricolour, was accompanied by six IRA girls and 20 or 30 IRA youths.

A member of the Official IRA who was shot twice in the leg six months ago in what was thought at the time to be an internal IRA dispute was found dead to-day at the roadside near Newry. The man, James Larkin, 24, had been shot in the head.

In Londonderry a jury returned an open verdict on nine people who died when three car bombs exploded last year in the village of Claudy.

Tesco may introduce cheque cashing

BY KENNETH GOODING

TESCO, the supermarket group, might start a cheque cashing scheme at some branches from next March, Mr. Leslie Porter, the new chairman, said yesterday.

The scheme will probably provide a service for customers during late-night trading on Thursdays and Fridays and also on Saturdays. Tesco is thinking of charging 10p for each cheque cashed.

Its plan is similar to one launched by Securicor and Cheque Indemnity in May, 1969, after the clearing banks ended Saturday opening. This scheme flopped and was ended after four months. It was tested at 12 supermarkets and the equivalent of 12½p charged for each cheque.

Mr. Porter commented yesterday: "We are very serious about this, but it will not happen straight away. So many customers have asked us if we could provide a service when the banks are closed that we have had our marketing department look into possible schemes." He anticipated having the proposals on October 15.

"I would expect to start a pilot scheme at one or two branches next March," Mr. Porter added.

Montague Burton Property deal

BY NICHOLAS OWEN

PROPERTIES WORTH nearly £19m. have been acquired by Montague Burton Property Investments, the company launched 11 months ago as the property vehicle of the Burton Group tailoring chain.

MBPI has the first call on Burton's own property assets, and so yesterday's purchases included 22 units from the parent company, independently valued at £11.6m. These include 12 properties soon to be redeveloped. The consideration will be the issue of 12.34m. MBPI shares.

Mr. Ladislas Rice, joint chairman and chief executive of Burton, said there was "still considerable scope" for MBPI to buy more Burton properties.

MBPI is also spending £7m. on a portfolio of 17 properties controlled by a private company, Second Union Property Group. Of the consideration, £4.2m. will be in cash and 3.1m. MBPI shares will be issued at 90p each. Two of the principal shareholders in Second Union, Mr. John Brown and Mr. Alan Watts, will continue to supervise the company's development programme.

Second Union's shareholders can elect to take cash for the shares involved — Burton Group will buy them back at 75p each at any time during the first 18 months, and then at 90p for another 3½ years.

Burton Group has around 80 per cent. of the capital of MBPI, whose assets have doubled since its inception to £39m. with yesterday's deals.

In area, MBPI owns or has schemes in hand providing 850,000 square feet of offices, 900,000 square feet of industrial and warehouse space and over 100 shops

COMPANY NEWS + COMMENT

G. H. Scholes record £1.62m. profit

ON TURNOVER up from £3.87m. to £4.77m., group pre-tax profit of George H. Scholes and Co. increased from £1.28m. to a record £1.62m. for the year to June 30, 1973, after £0.77m., against £0.62m., for the first half.

Earnings per 25p share, on a nil distribution basis, are shown at 21.5p compared with 17.9p.

A final dividend of 9.1875p net per share raises the net total to the maximum permitted 12.8625p. The 1971-72 total was 17.5p gross.

Principal activities are the manufacture of electrical small switch and fusegear and accessories under the trade names "Wylex" and "Sones."

	1972-73 £	1971-72 £
Turnover	[illegible]	[illegible]
Profit before tax	1,615,349	1,277,635
Taxation	607,795	510,000
Net profit	1,011,554	767,635
Tax equalisation	90,000	—
Tax credit	—	5,752
Dividends	531,650	749,768
ACT	236,153	—
Retained	[illegible]	[illegible]

● **comment**

Greater buoyancy of demand saw **George H. Scholes** produce accelerated growth in both sales (up from 19 per cent. to 27 per cent.) and pre-tax profits (up from 24 per cent. to 29 per cent.) in the second half of last year. Electricals in general have held up well this year, falling around half as much as the 500 Share Index, and Scholes has marginally outperformed the sector. However, 1974 presents the prospect of both the full effect of higher raw material costs — particularly copper — and a dropping off in sales to the new housing market, so Scholes may find some difficulty in maintaining its rating of 18 at 349p—which represents a premium on both the sector and the market.

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Rotaflex profit well ahead

GROUP NET attributable profit of **Rotaflex (Great Britain)** amounted to £232,900 for the first half of 1973, and is 85 per cent. of the £272,400 for the year 1972.

The profit figures for the year 1972 included Jumo S.A. but only 33 per cent. of profits of Interlumen, as negotiations for increasing the holding in that company had not been finalised.

The figures for the 1973 half year are prepared on the same basis, but the comparative figures for 1972 (net distributable £133,100) included 100 per cent. of Interlumen's profits, and did not include any in respect of Jumo, as the holding in that company was only acquired on May 31, 1972.

The 99 per cent. owned Socomo S.A., the Belgian distribution company, acquired on January 1, 1973, had a successful half year and made a small contribution to profits, says the chairman, Mr. J. Frye.

Currently sales demand is a record and output is increasing. Both the first extension of the factory in Belgium and the new premises at Newhaven are now fully operational but not yet at maximum capacity, he adds.

An interim dividend of 5.075 per cent. net is declared. This is equal to 7.25 per cent. gross, compared with 6.66 per cent. adjusted for a scrip issue. A total equal to 11.66 per cent. was paid for 1972.

	Six months 1973 £000	1972 £000
Profit before tax	477.2	264.4
Taxation	217.8	93.6
Net profit	259.4	170.8
Minorities	26.5	37.7
Attributable	232.9	133.1

● **comment**

The figures for **Rotaflex** for the first six months of 1973 are not directly comparable with a year ago; the only way to view the figures is to compare with the whole of the last financial year which was computed on the same basis. And from this it is easy to see that the group is well ahead, especially since the second half has historically contributed the bulk of profits. Working on a 40:60 profits split suggests a pre-tax figure of £1.2m. for the current year, but taking £1.1m. as a slightly less ambitious outcome puts the shares at 62p on a prospective p/e of 10.4. The group's strength is that it is not tied to the housebuilding cycle to any great degree—most of the business is in display lighting, it has over a third of profits coming from overseas and order books are over double the figure a year ago.

CES tops £1m. in first half

CHAIRMAN of **Combined English Stores**, Mr. M. Gordon, says the group continues to enjoy "excellent trading conditions," despite the introduction of VAT, and the directors look forward to another record year.

Meanwhile, he reports an increase in pre-tax profit for the six months ended July 28 from £448,000 to £1,006,000—this included seven months from John Julian and Co. of £130,000 and profits on disposal of leases in the ordinary course of business of £78,000. Total for the year to January 31, 1973, was £2.52m.

In addition, in the first half, the group realised extraordinary pre-tax profits of £122,000 on the disposal of leasehold premises formerly occupied by the departmental stores division (closed down in prior years) and the sale of a small check trading subsidiary. Sales totalled £17.4m. (£12.19m.).

The interim dividend is 8.4 per cent. net, equivalent to 12 per cent. gross. Last year the directors would have declared an interim of 10 per cent. gross, but this was increased to 12 per cent. and payment deferred until February, 1973, for tax reasons. The final was 13 per cent.

Profits reflect "considerable" organic growth and the benefits of improved management and marketing techniques. The directors are confident that still further growth will be derived from the planned expansion programme, established trading policies and the group's broad retail base.

Figures for the second half will include a profit contribution from the Belgian ladies' wear chain, Lindor SA, recently acquired

Statement, Page 26
See Lex

Solicitors' Law up at half way

ON HIGHER turnover of £4.36m. against £3.72m. group profit, before tax, of **The Solicitors' Law Stationery Society** expanded from £518,657 to £588,546 for the six months ended June 30, 1973. For all of 1972, the figure was £1,030,047.

Earnings per 20p share are shown at 2.96p. An interim dividend of 6.3 per cent. is declared equivalent to a gross 9 per cent. compared with an indicated 7 per cent. in the September 1972 offer-for-sale.

	First half 1973 £	1972 £
Turnover	4,359,840	3,717,211
Profit	588,546	518,657
*Tax	301,463	228,051
Minorities	5,500	8,111
Attributable	295,953	315,920
Extraordinary credit	45,561	†161,242
Interim dividend	126,069	

* Current period £273,000 (£213,540) Irrecoverable Act £14,063 (prior periods £22,714). † Debits.

Chairman, Mr. R. A. Hodges, reports that profit growth has been contained by the restrictions imposed by Stages I and II.

Since October, 1972, and during the period under review, the group has, with minor exceptions, absorbed all the increases in prices which have been passed on by suppliers.

In several areas new developments are well under way. In particular, the foundations have been laid for a positive bid to increased Oyez Stationery's share of the commercial stationery market and Oyez Publishing will be announcing on October 2 a new series of books being published in conjunction with the Law Society.

These developments and others at different stages of evolution, together with the additional marketing and management strength over the past few months, reinforce the chairman's confidence in continued growth.

● **comment**

Solicitors' Law pushed profits ahead by an average of 40 per cent. pre-tax in the three years to 1972, so the opening months of 1973—interim growth of 13½ per cent.—are going to disappoint some people. The group's problem is apparently price control, for there is nothing very wrong at present about demand. Over the medium-term, question marks can plainly be set against prospects, with the Government still apparently intent on enforcing margin controls; but at 74p the shares are some 11p below last October's offer for sale price. Projecting six-months' growth over the year suggests a prospective p/e of around 12½ net.

Houlder Brothers expansion

ON A SLIGHTLY increased turnover of £5,009,000, against £4,814,000, first half 1973 pre-tax profit of **Houlder Brothers and Co.** expanded from £646,000 to £1,315,000.

And the chairman, Mr. J. M. Houlder, says there is no reason to anticipate a major change in profitability in the second half. For the year 1972 turnover was £9.54m. and pre-tax profits £1.27m.

Earnings per £1 share, before extraordinary debits of £324,000 (credits £36,000), are shown at 37.4p (26.5p—but they would have been 22.1p on a like-for-like basis). An increased interim dividend of 7.8p (7.5p) gross—or 5.46p net—is declared. The 1972 gross total was 28.8714p. The company is a subsidiary of Furness Withy and Co.

Mr. Houlder says the current freight market boom will no doubt end in due course, "and anyone who can foretell with accuracy and certainty when this will take place would easily make for himself a major fortune."

	Half-year 1973 £000	1972 £000
Turnover	5,009	4,814
Profit before tax	1,315	646
Taxation	391	142
Minorities	161	105
Attributable	563	399
Extraordinary debits	324	*36

* Credits.

Houlder Line

The subsidiary, **Houlder Line**, reports a first-half pre-tax profit of £301,000, against £205,000, on a turnover of £671,000 (£591,000). For the year 1972 turnover was £1,273,000 and profit £315,154.

Earnings, before extraordinary debits of £89,000 (£240,000 credits) are shown at 14.41p per share (about 10.71p on a like-for-like basis). As a result of the sale of a ship since the year-end, exceptional items for the year are likely to show a credit, the directors state.

	Half-year 1973 £000	1972 £000
Turnover	671	591
Depreciation	152	138
Invest. income, etc.	257	221
Pre-tax profit	301	205
Taxation	19	6
Other tax*	62	—
Net profit	220	199
Extraordinary debits	89	†240

* Attributable to U.K. dividends received, including exceptional charge of £17,065 in respect tax on franked income up to April 5, 1973. † Credits.

● **comment**

Houlder Brothers' massive upturn in profits to £1.3m. pre-tax for the first six months is plainly going to upgrade most outside estimates of profits for 1973. The driving force is a buoyant freight market, with Holder selling off the loss-making part of its fleet and some trampers moving into new (and profitable) contracts. Elsewhere among group operations, the valve and pipeline interests are recovering fast. Over at the associates, the story is once again the shipping boom with the three principal companies—Ore Carriers, Ocean Gas and Warwick Tanker—riding it to the full. This must be good news for Furness Withy with its 67 per cent. stake in Houlder's equity—which rose 10p to 790p a share yesterday for a net p/e of 12.3 on past 12-month earnings, or 15.4 fully taxed.

Alexander Shipping

Including investment income and interest received of £173,000, against £120,000, profits of Alexander Shipping show an increase from £72,000 to £269,000 for the half year ended June 30, 1973, exceeding by some £131,000 the total for 1972.

The directors are confident this improvement will continue for the rest of 1973.

First-half net taxed profits emerge at £166,000 (£56,000), subject to extraordinary debits of £47,000 (£16,000). Earnings per £1 unit (before extraordinary items) are shown at 11.1p.

As a result of the change in the tax system comparison of profits and earnings is distorted. Had the new system operated for the 1972 first half profit would have been £63,000 and earnings per share 4.2p.

The interim dividend is 2.1p net—equal to last year's 3p gross. The 1972 total was 13.5p. Alexander is a subsidiary of Houlder Brothers.

COUNTER-INFLATION ACT 1973

The Treasury have given consent to the declaration by the following companies of dividends of the total amounts specified for the financial years ending on the specified dates:

Central Wagon Co Ltd.	Wigan	£79,388	29.12.73
MFI Warehouses Ltd.	Wembley	£600,000	26. 5.73
M L Alkan Ltd.	Ruislip	£18,572	30. 9.73
Ingall Industries Ltd.	Birmingham	£52,004	30. 6.73
Ladbroke Group Ltd.	London W1	£1,184,903	1. 1.74
Associated Leisure Ltd.	London NW11	£929,241	13. 5.73

DIVIDENDS ANNOUNCED

	Current payment %	Date of payment	Corresponding div. %	Total for year %	Total last year %
A.V.P. Industries	1st int. 1†(v)	Nov. 7	—	—	3.15
Alexander Shipping	int. 2.1†§	Nov. 6	3	—	13.5
Bensons Systems	int. 7.14(o)	Jan. 3	7	—	26.29
Brent Chemicals	int. 0.25†(d)	Jan. 3	0.25	—	1.31
Business Computers	7§	Jan. 2	10	—	25
Combined English	int. 8.4§	—	12	—	25
Croydex Rubber	1.68†(b)	Nov. 9	1.6*	—	3.19*
Dawson and Barfos	int. 2(j)	Nov. 1	nil	—	4
First National Finance	int. 10.5§	Jan. 3	15	—	26.25
Foseco Minsep	int. 1.53†(g)	Jan. 7	1.46	—	4.41
Houlder Line	int. 4.2†(f)	Nov. 6	4	—	18.7
Houlder Brothers	int. 7.8†(c)	Nov. 6	7.5	—	28.87
Kennedy Smale	11(w)	—	12*	21	20*
Malaysiam Tin	Nil	—	10	nil	10
McLeod Russel	5(n)	Oct. 31	5	5	5
Modern Engineers	int. 0.52†§	Oct. 31	0.75	—	3.25
Muar River Rubber	1.57†	Nov. 15	1.5	1.57	1.5
Harold Perry	int. 10(h)	Jan. 3	—	—	12
Rotaflex	int. 7.25(p)	Dec. 10	6.66*	—	11.66*
Ruberoid	int. 4(a)	Jan. 4	2.5	—	10.5
G. H. Scholes	9.19†(r)	—	12.5(d)	12.86(r)	17.5(d)
Sharna Ware	5.25(t)	Nov. 12	5	—	10
Slater Walker Far East	5(s)‡	—	—	5	—
Solicitors' Law	9(q)	Oct. 26	—	—	—
Tomatin	4.3	Jan. 1	4*	—	14*
Union Corpn.	int 7r	Nov. 29	5	—	17
United Newspapers	int. 22.6(m)	Jan. 1	20	—	52½
Watmoughs	1.28†(k)	Nov. 6	1.25	—(c)	4.2

* Equivalent after allowing for scrip issue. † Pence per share. ‡ On capital increased by rights and/or acquisition issues. § Net equal to last year's gross. (a) Gross of 2.8 per cent. To reduce disparity. (b) Gross of 1.176p. (c) Final 2.18p forecast to keep within permitted increase. More, if restrictions lifted. (d) Gross. (e) Gross of 5.46p. (f) Gross of 2.94p. (g) Gross of 1.0371p. (h) Gross of 1.75p. (j) Gross of 0.35p. (k) Gross of 0.9p. (m) Gross of 3.939275p. (n) Gross of 3.5 per cent. (o) Gross of 5 per cent. (p) Gross of 5.075 per cent. (q) Gross of 6.3 per cent. (r) Net. (s) Gross of 3.5p for period April 20, 1972, to June 30, 1973. (t) Gross of 3.675 per cent. (u) Gross of 1.1025p. (v) Gross of 0.7p. (w) Revised from 15 per cent.

BET off to a good start

THE CURRENT YEAR has started well for the **British Electric Traction Company**, with profits to date in all sectors ahead of those for the corresponding 1972-73 period.

Reporting this in his annual statement, chairman Sir John Spencer Wills tells members the only reason he is "wary" of saying outright that the group will have another good year "is that we do not know what the Government or the unions may have in store for us in the latter part of the year."

He believes that foundations have been laid securing continued growth in the long term, as well as in the short term. Particular attention is being given to developments in waste disposal and industrial plant hire, and to the expansion of interests in selected areas overseas.

In the year ended March 31, 1973, group profit, before tax, expanded from £23.39m. to £35.23m., on a turnover of £237.76m. (£145.45m.). A divisional analysis of both figures is given in the following table.

	1972-73 £000	1971-72 £000
Group Turnover:—		
TV rental, relay, broadcasting and electronic etc.	69,427	50,671
Transport	76,921	12,458
Joinery, steel construction, etc.	30,108	27,738
Plant hire	10,151	9,050
Linen supply, laundry etc.	12,349	12,902
Printing and publishing	7,904	6,060
Entertainment	4,206	4,547
Mining and quarrying	3,440	4,754
Civil engineering	2,626	[illegible]
Films and television, etc.	6,956	6,615
Other interests	1,541	2,658
Total	237,762	145,451
Profit:—		
TV rental, relay, broadcasting and electronic	11,016	7,220
Transport	7,529	523
Joinery, steel construction, etc.	4,513	2,892
Plant hire	1,510	1,176
Linen supply, laundry, etc.	1,720	1,555
General investments	1,716	1,753
Printing and publishing	692	275
Entertainment	756	509
Mining and quarrying	479	1,242
Civil engineering	251	71
Films & television, etc.	64	*191
Other interests	257	615
Associates	4,264	5,707
Total	35,226	23,390

* Loss.

With the exception of Murphy Bros., Canadian Motorways and Jamaica Omnibus Services, all the group's main interests produced improved results. Following two years of losses Humphries showed a small profit in 1972-73 and is expected to show a further increase in the current year.

The plant hire companies have plans for expansion—orders for new plant have been placed this year to the value of £4½m. The division is operating at full capacity and a further big profit advance is expected in 1973-74.

In the waste disposal field Sir John says that immediate plans include a £3m. programme for the establishment by Re-Chem International of a number of highly specialised centres for the safe treatment and disposal of hazardous industrial wastes.

Profits of Thames Television (50 per cent. owned) showed further improvement in its year 1971-72. Profits for 1972-73 will again be ahead, but for the following year they are expected to be lower due to substantial cost increases, explains the chairman.

Year-end group capital expenditure outstanding stood at £46.76m. (£30.93m.), including commitments estimated at £19.99m. (£15.62m.).

In the balance sheet an increase from £36.82m. to £60.69m. in the book value of land and buildings partially reflects an additional £12m. on the professional revaluation of two properties.

Meeting Connaught Rooms, WC, October 18 at 12.15 p.m.

Chairman's Statement Page 27

Slater Walker Far Eastern

Gross income of Slater Walker Far Eastern Investment Trust for the period April 20, 1972, to June 30, 1973, was £438,677 and revenue £428,276 before tax £218,142.

Earnings per 25p Ordinary

Earnings per 25p Ordinary share are shown at 3.5p. The dividend is 3.5p net, equal to 5p gross.

The directors are confident that the medium- to long-term economic prospects for the Far East are encouraging and anticipate that suitable opportunities will arise during the current year for reinvestment of the company's substantial liquid funds.

They expect that the company will qualify as an authorised investment trust for the current year to June 30, 1974.

CRODA OLEOCHEMICALS

Croda Oleochemicals Group, a subsidiary of Croda International, intends to put proposals to holders of the outstanding £304,356 of six per cent. debenture stock 1975-80 for repayment at £85 per cent. together with interest accrued to the date of repayment.

KENNEDY SMALE FINAL 11%

Kennedy Smale announces that the Treasury has vetoed the payment of the final dividend of 15 per cent. gross for the year to March 31, 1973. It is now 11 per cent., making 21 per cent. gross (20 per cent. equivalent).

LAND SECURITIES

The Land Securities Investment Trust announces that, in connection with its £90,636,403 5½ per cent. Convertible Unsecured Loan stock 1983, notices of conversion have been received from holders of £6,956,563 nominal. Accordingly, the £6,956,563 stock has been converted into 5,565,251 Ordinary 50p shares, ranking pari passu with the existing issued Ordinary and allotted on the basis of 80 shares for each £100 stock.

Issued share capital is now £74,173,861, divided into 148,349,602 Ordinary 50p shares. £82,679,840 of the Convertible remains outstanding in respect of which conversion rights are exercisable in 1974 to 1983.

RESULTS AND ACCOUNTS IN BRIEF

SUPRA CHEMICALS AND PAINTS—Interim 1.25p net (1.786p gross against 2p—total last year 3.525p). Board intends to pay final equating to maximum allowed by current restrictions. Profit half year to May 31, 1973, £93,930 (£93,100) less tax £44,500 (£37,240) leaving £49,450 (£55,860). Earnings per share 5.04p (5.69p).

JOHN C. SMALL AND TIDMAS (textile makers)—Interim 8.4 per cent. net equal to 12 per cent. gross (10.5 per cent.—total 23½ per cent.). Profit 6 months to June 30, 1973 £41,000 (£38,700) after tax £12,000 (£25,000). Forward order position continues good and directors anticipate a satisfactory year despite present frustrations.

KALGOORLIE SOUTHERN GOLD MINES—Results year to June 30, 1973, already known. Fixed assets $A92,814 ($A131,336), current assets $7,664 ($23), liabilities $222,117 ($162,614). Meeting, Melbourne, October 17.

MALAYSIA RUBBER—Results for 15 months ended March 31, 1973, reported August 20. Net current assets £26,114 (£55,064), investments £110,647 (£86,612), associates £185,455 (£177,256). Chairman says with better commodity prices, income potential from plantation investments has been enhanced—for current year he sees satisfactory improvement in profits. A start has been made on diversification into U.K. property investment, and hoped this will provide useful source of profit for future and augment income from investment portfolio. Kinta Kellas Rubber has 13.4 per cent. interest and Dormakande Rubber 10.7 per cent. interest in company. Meeting, 1-4, Great Tower Street, E.C., October 17 at noon.

MALAYSIAM TIN—No dividend for year to March 31, 1973 (10 per cent.). Profit £4,703 (£1,936) after tax £4,068 (£1,517). Off mining property £500 (same). After crediting profits on realisation of investments £1,827 (nil) and after tax relating to prior years of £18,250, debit balance £3,712.

SHARNA WARE (Plastics)—Interim 3.675 per cent. net—equal to 5.25 per cent. gross (5 per cent.). Total 1972 was 10 per cent. Turnover 6 months to June 30, 1973 £1,347,706 (£889,288). Profit £40,565 (£17,171), less tax £18,250 (£6,900). The cash and carry warehouse which opened in Manchester on April 1 should contribute greatly to group profitability. Manufacturing division continues to grow. Cherilee Toys was acquired in June and is expected to add to the manufacturing profits. Subject to unforeseen circumstances record profits expected for 1973.

MUAR RIVER RUBBER COMPANY—Dividend 1.1025p net equal to 1.575p gross (1.5p) for year to March 31, 1973. Profit from rubber £109,743 (£100,910), dividends and interest £125,002 (£99,362), making £234,745 (£200,272). Less replanting expenditure £41,407 (nil). Adjustment taxation previous periods £12,965 (£17,209). Transfer from general reserve £6,000 (nil). Available £212,303 (£237,680). Taxation £86,362 (£56,265). Dividend £73,361 (£88,778). Forward to revenue reserve £50,580 (£92,634). In previous year replanting expenditure £49,903 was charged to reserves. Report and accounts will be despatched October 22. Meeting, November 14.

ISSUE NEWS AND COMMENT

First Finsbury Trust returns

An application has been made for the quotation of **First Finsbury Trust's** issued share capital, consisting of £896,400 in Ordinary 10p shares and £1,123,500 5½ per cent. Convertible Unsecured Loan stock.

Dealings in First Finsbury were suspended in June pending the publication of full details of major acquisitions. The deal concerned was the purchase of a number of companies from Hutchison International. These companies were divided basically into two trading divisions: the first, toys, is made up by Saalheimer, Blue Box, Grenville, Pacific Sales Org., and Armak; the second division, leather, is comprised of the Alpha Group.

First Finsbury is currently involved in investment and dealing in and development of properties, investment and dealing in securities and general financing operations.

Profits of the original group have moved from £165,000 in 1968 to £189,000 in 1972 after a loss of £967,000 in 1970. Over the same period profits of the toy companies have advanced from £156,000 to £379,000 while those for the leather side have increased from £141,000 to £699,000.

For the current year ending December, 1973, pre-tax profits of the enlarged group are forecast at £1m. On the basis of these profits the directors intend to pay a dividend of 2p per share.

Brokers are Astaire and Co.

● **comment**

After all the disposals **First Finsbury** was looking a bit short of earnings potential, with the equity market, where the bulk of last year's profits were earned, suffering from a sustained bear phase. The Hutchison companies were acquired to remedy this shortfall. However, while there is no doubting the fact that the earnings base has been widened, growth prospects are not so clear-cut. During 1972 the leather industry experienced a market in which prices were continuously rising, resulting in significant stock profits. This year prices have eased, so a big slice of the Alpha group's profit potential has been lost. Furthermore the toy side—the bulk of whose products are imported—must have had its competitive edge blunted somewhat by currency upheavals. In the circumstances, a net prospective p/e of 10.7 at the suspension level of 60p does not seem fully justified. After all, both leather and toy companies are on historic multiples of under 10.

Particulars, Pages 18 and 19

SHORT-TERM LOCAL LOANS

Arrangements have been completed for the placing of the following local authority loans.

Chesterfield Rural District Council (£½m.), Aberdeen Corporation (£½m.), Luton Rural District Council (£¼m.), Royal Burgh of Kirkcaldy (£1½m.), Borough of Ellesmere Port (£½m.), Whickham Urban District Council (£½m.), County Borough of Burnley (£½m.), Cheltenham Rural District Council (£½m.), Borough of Castleford (£½m.), Bradfield Rural District Council (£½m.), Felling Urban District (£125,000) Eton Rural District Council (£½m.), The City of Salford (½m.), Borough of Worthing (£½m.), Woking Urban District Council (£1m.), London Borough of Lewisham (£1m.), and London Borough of Hackney (£1m.), are all issuing 13⅜ per cent. Bonds due October 2, 1974 at 99⅞ per cent.

Brokers Phillips and Drew with Issuing House Morgan Grenfell placed the Lewisham Bonds and with Issuing House N. M. Rothschild and Sons, the Hackney Bonds. The Salford and Worthing Bonds were placed by Butler Till, while the Chesterfield issue was arranged by Gerrard and National Discount. Ellesmere, Whickham, Burnley, Cheltenham and Castleford made arrangements with S. G. Warburg and Co. [illegible] the placing of the Bonds on introduction of Butler Till, [illegible] Bradfield and Felling [illegible] arrangements with Warburg [illegible] their placing on the introduction [illegible] Roberts Union Company [illegible] on the introduction of [illegible] Marshall and Co.

Brokers to the other issues [illegible] De Zoete and Bevan to W[illegible], Pember and Boyle to Kirkc[illegible] and Short Loan and Mercantile Company to Aberdeen and Lu[illegible].

G. A. Robinson requote

Application is being made [illegible] admission to the Official List [illegible] the Ordinary 25p shares in G. [illegible] Robinson Group. Dealings [illegible] Robinson were suspended in J[illegible] pending completion of [illegible] acquisitions of Dorsman [illegible] Kwik-Fit. The group has [illegible] made a third acquisition, R. [illegible] Webster (in August) and has disposed of [illegible] Caravan Park and Sandy H[illegible]. The cash needed as part of consideration for the Dors[illegible] acquisition will come out of proceeds from the proposed [illegible]-for-four rights issue at [illegible] which is expected to [illegible] £669,175.

The company is now a hol[illegible] company with interests in wholesale distribution of [illegible] tools and cutting tools as we[illegible] automotive products, the [illegible] distribution of do-it-yourself [illegible] ducts and other hardware [illegible] and property development.

For the year to February 1974 the original GAR Group forecast pre-tax profits of £4[illegible] which will be made up of £20[illegible] from hand tools, £41,000 from [illegible] it-yourself, £190,000 from prop[illegible] development and £18,000 [illegible] Camps, up to the [illegible] trade, less the expenses of [illegible] company, estimated at £35[illegible]. The forecasts of the acquisi[illegible] for the same period are Dors[illegible] £204,000, Kwik-Fit, £[illegible] Webster, £14,000. After [illegible] interests relating to the [illegible] tion of Dorsman and [illegible] this leaves projected [illegible] profits of £675,000.

On the basis of these [illegible] and after including £156,000 p[illegible] on disposals, the p/e on a [illegible] distribution basis, at the [illegible] issue price of 145p, is 14.0 [illegible] is calculated on a fully-dil[illegible] share capital of 3,477,335 sh[illegible] which excludes the 12,500 sh[illegible] which may be issued in con[illegible] tion with the acquisition [illegible] Webster. On the forecast pr[illegible] the company intends to re[illegible] mend dividends totalling 5.5p (equal to 7.857p gross).

Brokers to the issue are [illegible] Savory, Milln and Co. in Lon[illegible] and Henry Cooke, Lumsden [illegible] Co in Manchester.

● **comment**

Before its suspension and [illegible] the injection of [illegible] last Oct[illegible] ber, Robinson's trading emph[illegible] was moving towards one more [illegible] hand tools and automotive [illegible] ducts, and the three [illegible] acquisitions have continued [illegible] trend, expanding the gr[illegible] interest in these sectors. [illegible] ever, the acquisitions do r[illegible] in some dilution of earnings [illegible] the original group is on a [illegible] prospective p/e of 14.2 exclu[illegible] non-recurring profits, [illegible] inclusion of the acquisitions [illegible] the rights increases this to [illegible] 17. Even allowing that the gr[illegible] is now established in four gro[illegible] areas, that does seem [illegible] ambitious rating for a comp[illegible] as yet untried.

Particulars, Pages 15-17

SUPRA CHEMICALS

Supra Chemicals and Pa[illegible] proposes to make a scrip issue [illegible] three-for-five, and to convert [illegible] existing 25p shares into sh[illegible] of 10p each.

هكذا من الأصل

NFC first half profit tops £9m.

..ECTING further progress in ..rowth of First National ..re Corporation group pre- ..ofit for the first half of 1973 ..ded from £5.63m. to £9.02m. ..cure for the year 1972 was ..n

..ent business continues to ..tisfactory, the directors

..it for the half year includes ..000 from disposals of flats, ..t £129,000—and £996,000 for ..ar.

..nterim dividend of 10.5 per ..et, equal to last year's 15 ..ent. gross, is declared. The ..total was 20.25 per cent.

	Six months 1973 £000	1972 £000	Year 1972 £000
..efore tax ..	9,015	5,629	13,228
..	4,262	2,251	4,717
..fit	4,778	3,377	8,511
..s	105	109	103
..e	4,628	3,268	8,408

See Lex

..g advance .. Modern ..gineers

..ecting the improved trend ..construction industry, first ..axable profit of Modern ..ers of Bristol (Holdings) ..dvanced from £47,793 to ..7. For all the year 1972 ..had shown a sharp fall to .., from £101,338 previously. ..gross interim dividend is ..ely unchanged at 0.75p per ..are—0.525p net. Total for ..as 3.25p.

..first half tax charge is ..against £20,500.

..directors say the company ..rs of industrial buildings, ..well placed to benefit from ..rengthening of confidence ..ustrial expansion.

..report that demand for ..ral steelwork is buoyant ..e volume of orders has ..ed considerably — it is ..d the same trend will be ..d in anti-corrosive metal ..ent work. There has been ..rease in demand for pre- ..ted concrete Hypa roof ..nd important orders have ..ecured.

..g the period, development ..ral commercial and indus- ..roperties commenced, and ..industrial projects have ..ompleted. Negotiations are ..l to acquire new sites for ..y developments.

..atmoughs

..rting an increase in first ..e-tax profit from £60,000 to .., the directors of Wat- .. (Holdings) say the out- ..or the second half is ..raging" but the same rate ..th as in the first cannot ..inued.

..theless, they are still con- ..that 1973 will mark a ..of further expansion. First- ..rnings per 25p share are ..to be up from 1.94p to

..terim dividend of 0.9p net ..red, equal to 1.28p gross ..and a final of 2.18p net is ..to keep within the per- ..increase—if restrictions ..d the distribution will be ..keeping with profitability. ..ctors say. The previous ..s 4.2p.

A one-for-four scrip issue is also proposed.

	Six months 1973 £000	1972 £000	Year 1972 £000
Turnover	1,373	1,147	2,799
Profit	102	60	326
Taxation	46	24	132
Net profit	56	36	194
Pref. dividends	1	1	2

The directors attribute the increase in profitability to the much higher turnover and the greatly improved situation at the gravure subsidiary, D. H. Greaves.

Brent Chemicals well up

SALES of Brent Chemicals International for the six months ended June 30, 1973, rose by 39 per cent. to £1,439,400 against the comparable period of the previous year and profit after tax increased by just over 60 per cent. to £87,600.

Basic earnings per 10p share are shown at 2.1p against 1.2p, and fully diluted at 2p, against 1.1p. They have been calculated on the assumption that the imputation tax system had operated throughout.

The interim dividend is effectively maintained at 0.25p gross. Total for the year 1972 was 1.31p paid on net profits of £144,300—equal to 3.2p earnings basic and 2.8p diluted.

Chairman Mr. J. S. M. Jones says the gradual implementation of plans for business expansion at home and overseas has begun to produce benefits to trading results.

The results do not reflect in any way the acquisition of Pyrene Chemical Services, completed since the end of the first half.

Mr. Jones adds that the outlook for the group's original business remains encouraging and substantial benefits are expected in due course from the Pyrene acquisition.

Growth for F. H. Tomkins

Mr. G. G. Garman, chairman of F. H. Tomkins, told shareholders at the annual meeting that since the start of this financial year all members of the group had been very busy and the unaudited profits for the first four months showed a marked improvement on the corresponding period last year.

He added that there were sufficient orders to maintain this rate of activity and all that was needed was the necessary labour and raw material.

"I remain optimistic on both these items and look forward to a continued satisfactory growth in profitability," Mr. Garman said.

Meeting Page 7

Business Computers

Reporting a first half pre-tax profit of £83,000 (£73,000) for Business Computers—after crediting share of associates £2,000 (deficit £10,000)—chairman Mr. R. W. Aitken said he anticipates that the increased rate of profitability hoped for in the second half will not now fully emerge. Profit for all 1972 was £376,000.

The chairman adds that although in terms of profit 1973 will prove a "relatively disappointing year," substantial growth and consolidation will have been achieved which will, the directors believe, result in considerably increased future turnover and profitability both in the domestic and export markets.

An interim dividend of 7 per cent. net is declared, equal to 10 per cent. gross (same)—it is waived in respect of £12,000. The previous total was 25 per cent.

	Half year 1973 £000	1972 £000
Sales	1,992	1,527
Costs	1,923	1,414
Profit	81	[illegible]
Share of assocs.	2	*10
Making	83	73
Tax	—	6
Leaving	83	67

* Deficit.

H. Perry tops £½m. at midway

AN ADVANCE in first-half group profit, before tax, from £384,510 to £512,678 is reported by Ford main dealers Harold Perry Motors. For all of 1972, profits were £731,040.

An interim dividend of 1.75p net per 25p share is declared, equal to 10 per cent. gross compared with a forecast of 8 per cent. in the November, 1972, offer for sale, when a total of 20 per cent. was anticipated for the year. For 1972 there was a single payment of 12 per cent.

Sales for the half year were £13.54m. (£11.32m.). Tax takes £258,800 (£141,180), and after adding surplus on sale of properties £2,365 (£3,074) and deducting exceptional items nil (£38,873), the retained figure is £183,543 (£128,163).

The directors state that trading in the third quarter has continued at an "encouraging level" in buoyant market conditions but vehicle stocks are seriously depleted and customer demand for the entire Ford range cannot be met from available supplies.

Prospects for the last quarter are therefore less favourable than at this time last year.

The group's ability to match the profit made in the second half of 1972 will depend on whether Ford and their component suppliers can achieve the high production levels planned.

McLeod Russel doubles profit

More than doubled pre-tax profits, up from £80,076 to £173,934, are reported by McLeod Russel and Co.—a subsidiary of Assam Trading (Holdings)—for the year ended March 31, 1973.

It is emphasised that the figures relate only to the activities of the group prior to its merger with Namdang Tea and do not include income from that company or its subsidiary Makum (Assam) Tea.

As forecast, the dividend is 3.5 per cent. net, equal to 5 per cent. gross (same).

	1972-73 £	1971-72 £
Trading profit	591,044	256,038
Investment income	21,924	37,967
Directors' remun., etc.	19,911	15,563
Depreciation	105,456	89,458
Interest paid	115,667	105,868
Profit	173,934	80,076
Taxation	90,347	39,727
Net profit	81,587	20,349
Preference dividends	3,964	3,964
Ordinary dividends	25,466	48,945
Retained	46,327	*25,510

* Withdrawn.

Meeting, October 23, noon.

United Newspapers upsurge

FIRST HALF taxable profits of United Newspapers have jumped from £1,888,000 to £4,131,000, with earnings per 25p Ordinary share shown to have gone up from 15.55p to 31.16p. Profit for all the year 1972 was £4.84m.

Chairman Sir William Barnetson states that by far the greater part of the first half improvement was due to a rise in the volume of advertising, where turnover increased by over 40 per cent.

These buoyant conditions have continued throughout the third quarter—but whereas profits for the second half as a whole are expected to be satisfactory, they will reflect the full cost of recent wage awards and substantial rises in the price of newsprint, Sir William points out.

The interim dividend is 3.959375p per share, equivalent to 22.625 per cent. gross against 20 per cent. Total for 1972 was 52½ per cent.

	Six months 1973 £	1972 £
Trading profit	3,952,980	1,849,365
Invest. income	178,200	38,675
Profit	4,131,000	1,888,000
Estimated tax	1,950,000*	746,000
Outside interest	233	792
Deb. redem. reserve	—	12,900
Pref. dividend	41,601†	39,715
Available Ord.	2,139,046	1,067,293
Interim dividend	771,726†	542,141

* Provided at composite rate for the year based on 40 per cent. to March 31 and 50 per cent. thereafter (1972 at 40 per cent. for year). † Net (gross).

See Lex

First half recovery at Hanger

On a turnover of £8.15m., against £7.39m., profits of Hanger Investments, Ford main dealers, further recovered from £105,000 to £178,600 in the first half of 1973, exceeding the total for 1972 by £8,200.

The full year's result, however, will be affected to some extent by current high interest rates and the restricted supply of new vehicles, the directors state.

In view of the impending Phase III legislation they have decided to defer dividend consideration until the full results are known. For 1972 an interim of 10 per cent. only was paid.

MINING NEWS

Union Corpn. heading for new records

BY KENNETH MARSTON

GROUP net profits of R12.6m. (£7.5m.) for the first half of the current year, compared with R9.5m. in the first six months of 1972 when the year's total reached a best-ever R20.0m., are reported by **Union Corporation**. The South African mining group is thus lifting its interim to 7 cents (4.3p) which goes against the previous year's interim of 5 cents and final of 12 cents.

Of the latest gross income, share dealing profits are R1.11m. down on those of a year ago at R2.45m. while receipts of interest, etc., have risen by R2.11m. to R5.97m. Dividend income has expanded to R9.75m. from R7.09m., reflecting higher payments from the gold interests, **Impala Platinum** and **South African Pulp and Paper Industries**.

Mining income

Union Corporation states that dividends and interest from investments for the full year 1973 will be "significantly higher" than in 1972 mainly as a result of the mining companies' contribution. This statement is underlined by the sharp increases announced last month in the interim dividends from the group's Evander gold mines and St. Helena in the O.F.S.

Impala, of course, is also making a higher contribution and the past half-year results of Union Corporation will have contained two quarterly payments of 16 cents and 15 cents from the platinum subsidiary; the latter's latest quarterly of 17 cents will come into the parent's current half-year results as will the next declaration which is due this month.

In all, it can be safely assumed that Union Corporation's second-half income will show a further rise to a new record and a final dividend of 15 cents to make 22 cents (13.5p) seems to be on the cards. Longer-term prospects, however, depend on the course of gold prices; the precious metal provided 43 per cent. of last year's dividend income. Union Corporation were 2p off at 309p prior to the latest results yesterday.

LATEST NEWS IN SABINA SAGA

Following the disclosure in this column on Friday of **Sabina Industries'** acquisition of an interest in ground, formerly probed by **Selection Trust**, in an area near **Tara Exploration's** big zinc-lead find at Navan in Ireland, the Canadian company announces the recommendations of a consulting geologist, Dr. W. R. Bacon.

Sabina says that he considers that a review of the previous work done on the area shows that the exploratory procedures used were inappropriate for the task of outlining genuine drill targets. He recommends a substantial exploration programme, the first objective of which will be to apply suitable geochemic, geochemistry and geophysics in an effort to outline valid drill targets.

Regarding its rights to the Giulini gypsum process, Sabina says that the option agreement with a subsidiary of Imperial Oil in Canada has been extended pending the completion of a bulk test in Germany. Sabina's U.S. rights, however, are thought to be in jeopardy, the contract between the company and McCormick Securities having been considered to have been breached. Sabina fell 12p to 78p yesterday.

BH South recovery

AS EXPECTED, Australia's **Broken Hill South** base-metal producing group made a further recovery in the second-half of the past financial year to June 30. Consolidated net profits come out at $3.96m. compared with a net loss in 1971-72 of $1.59m. and the final dividend is raised to 5 cents making a year's total of 8 cents against 3 cents.

Apart from higher metal prices received, notably in the second half of the year, BHS has benefited from the elimination of previous losses sustained on working the old South mine—now sold—plus the realisation of concentrates previously produced there and the surplus arising from the retreatment of residues at Broken Hill.

Reflecting the higher copper prices, the group's Cobar and Kanmantoo mines moved from making losses to profits in the past year. BHS has also revalued its investments in listed and other companies, excluding group subsidiaries, with the result that a net appreciation of $43.97m. has been credited to assets revaluation reserve.

In the current year BHS is facing the effects of a full 12 months of adverse currency changes which started with Australia's 7 per cent. upvaluation last December, the 10 per cent. devaluation of the U.S. dollar in January and this month's further 5 per cent. upvaluation of the Australian dollar.

Nor are the copper earnings going to be helped by the recent withdrawal of Australian mining tax concessions—the lead and zinc activities are not affected in this respect. On the other hand BHS has the offset of buoyant metal prices and the course of these now becomes particularly important if the company is to maintain its earnings recovery. The shares rose 10p to 142p yesterday.

JURGENS HOF

An application for a mining lease for the new Jurgens Hof gold prospect has been submitted to the South African Government and the sponsors are hoping for a reply in five to six weeks, according to unconfirmed reports.

Talk also has it that the proposed offer of shares in **Unisel Holdings** will be made late this year or early in 1973. The latter company, which is to provide the new mines' capital, is currently jointly-owned by **Union Corporation** and **Selection Trust**.

AMAX IS STILL DOING WELL

Speaking to a meeting of analysts in Indiana, the chairman of **American Metal Climax**, Mr. Ian MacGregor, said that for the remainder of this year the company expected very good business and that the normally slow third quarter had started out "extremely strong."

He said that the big U.S. natural resources group had increased its developed reserves by 400 per cent. between 1963 and 1972 in anticipation of the expected higher demand for all major metals and minerals over the next 25 years. These reserves include molybdenum, lead, zinc, copper, iron ore, potash and coal.

As far as coal is concerned Amax is the fifth largest company in the U.S. and has embarked on a programme to expand production capacity to 50m. tons a year by 1980 compared with its current output of about 16m. tons. London's **Selection Trust** has a stake of around 11 per cent. in Amax.

INCO CUT-DOWN IN AUSTRALIA

From Toronto it is reported that **International Nickel** has said that it is curtailing some of its activities in Sydney and transferring certain functions to exploration offices in Perth, Australia.

"The company's offices in Melbourne are not affected by these changes," Inco said. In the late 1960s and early 1970s, the company built up a sizeable staff in Australia in anticipation of discovering and developing a producing nickel property.

"We have reluctantly concluded that we are unlikely to be in operation in the immediate future and consequently can no longer justify a staff of this size." A spokesman for Inco declined to elaborate on the statement.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's timetable.

TO-DAY

Interims—British Vita, Clarke Chapman, John Thompson, Harrison and Sons, Laurence Scott, Legal and General Assurance, Mendip Investment, Rosedimond Investment Trust, Wadham Stringer, Winn Industries, Wolstenholme Bronze Powders.

Finals—Dolan Packaging, Doolahat Tea, Harmutty Tea, Silverthorne Group, Wankie Colliery, Willows Francis.

FUTURE DATES

Interims—	
British Syphon Industries	Oct. 2
Bruntons (Musselburgh)	Oct. 3
England (J. E.)	Oct. 1
Erith	Oct. 16
Goldman (H.)	Sept. 28
Horizon Midlands	Oct. 2
Pearson (S.)	Oct. 5
Resallan Properties	Oct. 8
Spirax-Sarco Engineering	Oct. 3
Warne Wright and Rowland	Oct. 4
Finals—	
Ferry Pickering	Oct. 10
French (Thomas)	Oct. 8
Kent (M. P.)	Oct. 1
Renong Tin Dredging	*Sept. 25

* Amended.

COMPANIES WHITE PAPER OPPOSED

Nottingham Chamber of Commerce yesterday criticised the Government's White Paper proposals to force companies to give more information to the public about their dealings.

A spokesman said the Chamber felt the proposals would be impracticable because of the bulky reports that companies would have to make and because of the considerable number of staff needed by the Department of Trade and Industry to enforce the new measures.

BIDS AND DEALS

Tarmac Roadstone £2.7m. acquisitions

FOUR DEALS involving a total outlay of £2.696m. have been completed by **Tarmac Roadstone Holdings**.

To mark the first steps in the policy of expanding its activities into the readymix concrete industry. The others are the latest of a series of moves both to expand activities into areas where it is not strongly represented and to add valuable reserves to its "aggregate bank."

Tarmac is to acquire **Hague Brothers**, a company operating two readymix concrete plants and mortar plants at Gawsworth, near Macclesfield. In addition, the deal involves the purchase of a freehold sandpit and plant at Pexhill, with reserves with planning consent of good quality sand suitable for concrete and mortar.

Tarmac has also purchased from **J. W. Swindells** its subsidiary companies, **Arden Quarries** and **Arden Quarries (Bredbury)**, comprising three readymix concrete plants at New Mills and Stockport (two plants) and the quarry at New Mills which has reserves with planning consent of 2m. to 3m. tonnes of gritstone. The building and civil engineering activities of Swindells are not affected by this deal.

In a further deal terms have been agreed with **United Transport Company** (a subsidiary of British Electric Traction) for the acquisition of the balance of the shares in U.T.C.Q.H. not already owned. U.T.C.Q.H. owns and operates three limestone quarries in South Wales and two readymix concrete plants at Penhow and Cefn Garw. It is the intention of Tarmac to develop and expand the existing product range of U.T.C.Q.H.

Terms have been agreed with **ICI** for the purchase of ICI Threshfield Quarry, near Grassington, West Riding. The quarry has reserves with planning permission of 40m. tonnes of high quality carboniferous limestone and is strategically placed for supplies to the rapidly expanding markets in the Leeds/Bradford area of West Riding.

The total value of assets acquired in all the deals amounts to £1,274,000. Combined profits before tax for the latest period for which they are available were £245,000.

STOCKFIS BUYING BROWNHILLS

Robert R. Stockfis, in which Central and Sheerwood Trust has a controlling interest, has contracted the acquisition of **Brownhills Sheet Metal and Engineering** subject to shareholders approval on or before November 1.

Initial consideration is £300,000 cash—further consideration up to a maximum of £300,000 depends on profits of Brownhills and the increase in profits of Heath's (Eccles), an existing subsidiary of Stockfis. The additional consideration is to be calculated on a formula basis approximately equal to four times the increase in profits of Brownhills and Heath's over their latest combined annual profits of £141,000.

Draft accounts of Brownhills show profit before tax for the year ended March 31, 1973 of £67,044 and net tangible assets of £140,758 as at that date.

Fitch Lovell purchase from Colborn

Colborn Group has agreed subject to shareholders approval to sell the assets involved in its broiler chicken interests to **Fitch Lovell** with effect from October 1, 1973.

Consideration, which will be net book values at that date, is estimated at £1m. and will be payable in cash. Colborn will continue to supply the feed requirements of the business to be operated.

For the year ended September 30, 1972, the business which operated the assets being sold made losses of approximately £36,000 and for the year 1972-73 they are expected to make profits of between £125,000 and £175,000.

Colborn intends to use the proceeds of sale to continue the expansion of its main business of vitamin feed supplements both at home and overseas.

Profits of the group as a whole for the year ending September 30, 1973 are expected to be in excess of £325,000 before tax and at least as high for the re-constituted group for the year 1973-74.

ASSOCIATES DEALS

On September 24 L. Messel bought 4,333 **British Steam Specialties** at 93p for an associate of British Steam.

J. Henry Schroder Wagg bought 10,000 **British Steam Specialties** at 92p on behalf of itself.

W. Greenwell bought 5,000 **Cavendish Land** at 136½p for an associate of Cavendish.

Panmure Gordon bought 3,500 **Oriel Foods** at 146.07p average for discretionary investment clients.

Laurie Milbank bought 110,000 **Inveresk** 2nd Preference at 14½p and 2,500 1st Preference at 37½p for associates.

Rowe Rudd bought 5,000 **Mann Egerton** at 192p on behalf of an associate of Mann Egerton.

GALE LISTER

Net pre-tax profits of Vivafield, the Welsh hotel group being acquired by Gale Lister, are currently estimated to be not less than £20,000.

RTZ PILLAR DEAL

Pillar Engineering, a wholly-owned subsidiary of **Rio Tinto-Zinc Corporation**, has acquired for £110,000 the capital of **Aviation Engineering and Maintenance** of Ramsgate from Tremletts.

AE&M specialises in the overhaul of aircraft components, particularly instrumentation, gearboxes, pumps, hydraulics and electrical equipment. It has comprehensive overhaul facilities for the Allison engine, Rolls-Royce Dart gas turbine engine, Pratt and Whitney, Gypsy, Lycoming, Continental, certain other piston engines, propellers and selected aircraft components.

The acquisition represents an expansion and diversification of Pillar's services to aircraft operators, and a continuation of employment to AE&M employees.

NORTON & WRIGHT ACQUISITION

The **Norton and Wright Group** has agreed to purchase **Royle Printing** for £157,500 cash payable as to £90,000 on completion and the balance on June 1, 1974.

Business of Royle, which is the supply of fund raising systems principally to professional rugby and soccer clubs and their supporters organisations, is complementary to the existing business of Norton. Its profit before tax for year ending March 31, 1974, is expected to be around £40,000. Net tangible assets at September 30, 1973, are expected to be approximately £26,000.

W. WOOD BUYS GOODSTEP

W. Wood and Sons is acquiring **Goodstep** for 888,353 Ordinary shares taken at 26p per share.

Goodstep is an investment company whose assets consist of quoted investments valued on September 10, 1973, at £278,975. On the same date net assets were £205,000. The first accounts of Goodstep for three months to September 10, 1972, showed a loss of £150.

SHARE STAKES

Lloyds and Scottish has acquired in the market a further 200,000 Ordinary shares in **British Relay Wireless and Television** and now owns 12,138,903 shares (30.58 per cent.). As stated last December, Lloyds and Scottish has no plans to make an offer for the remainder.

Hume Holdings on September 21 acquired a further 5,500 **Stag Line** shares making its total holding 208,000 (16.86 per cent.).

Barclays Bank International has acquired a further 60,000 **Tozer Kemsley and Millbourn** Ordinary, making its total holding 6,507,500 shares (23.19 per cent.).

Coltness Group has increased its holding of Ordinary shares in **W. Wood and Son** to 2,191,000 (23.11 per cent.).

INCH KENNETH

Inch Kenneth Kajang Rubber said that £472,000 had been agreed with the Selangor Government as compensation to be paid to the company for the acquisition of 499.35 acres of Inch Kenneth Division by the Government for development purposes. The rate per acre is the same as that agreed when the division was sold in March, 1972. This sale was cancelled when the purchaser failed to pay the purchase price. Full payment is expected within one month.

Cedar expands in Scotland

Finance and banking group **Cedar Holdings**, is to acquire **Alexanders Stores**, a public unquoted company operating a chain of furniture and hardware stores in Scotland.

The offer is 700p cash for each share in Alexanders and values the company at £1,375,000. Directors of Alexanders and their families, who hold beneficially 64.7 per cent. of the issued capital have, with the consent of the Take-over Panel, irrevocably committed themselves to accept.

They unanimously recommend all other holders to do likewise, as they intend to do in respect of their trustee holdings aggregating a further 29.3 per cent. of the issued shares.

Upon implementation of formal acceptance in respect of the irrevocably committed shares, the offer will be declared unconditional, thus resulting in an unconditional offer for the remaining shares.

Pre-tax profits of Alexanders and its subsidiary, William Hunter and Company, for the year ended January 31, 1973, amounted to £31,246 and net assets at that date were £716,777 including heritable properties of £554,267 at 1965 valuation.

Cedar says the acquisition will constitute a valuable addition to the existing Scottish property portfolio of the group. Cedar proposes that Alexanders should come under the operational control of Amalgamated Securities which became a member of the group following the merger of the two companies earlier this year, thus making available to the business of Alexanders the property expertise of Amalgamated.

See Men and Matters Page 22

Bally takes over Susan Handbags

Hillier Parker May and Rowden acting on behalf of **Bally London Shoe Company** have purchased all the share capital of **D. and H. Rose** who trade as Susan Handbags and David Russell (Handbags) for a figure in the region of £600,000.

CADBURY SCHWEPPES

Cadbury Schweppes states that negotiations for the acquisition of transport contractors, **J. B. Smith and Co.**, of Bristol have been completed, subject to contract. This family business has been associated with Cadbury and Fry for many years as a contract haulier operating between their factories and depots.

It is intended to further develop the existing business as a principal contractor on the trunk haulage routes between the Cadbury Schweppes factories and depots, and it will also continue to do business with outside customers and maintain its separate identity.

BARING INTEREST IN INTERNAFT

Baring Brothers and Co. has acquired 15 per cent. of the issued share capital of **Internaft**. Majority shareholders remain Mr. Abdullah Sadi of Kuwait and Mr. Mamdouh Adeeb of Saudi Arabia who formed the company with tanker broker Mr. Kevin Shilleto and Rudolf Wolff (Holdings) in November, 1969.

Business of Internaft is tanker broking, oil and oil products broking and oil transportation consultancy.

MPI MOVES INTO MANUFACTURING

Musical and Plastic Industries has acquired from the **Brocks Group** the **Kentucky Organ Company** of Poole.

Consideration was £5,000 pl[us] repayment by Kentucky to Broc[ks] of a £200,000 overdraft. T[his] reduces Brocks outgoings [by] £30,000 a year.

MPI has renegotiated the ov[er]draft facility. Net assets [of] Kentucky are £205,000 while l[ast] year it made pre-tax profits [of] £4,739 on a turnover of £143,8[..]. Turnover so far this year [is] "substantially higher" with 20 [per] cent. going in exports.

Kentucky's management [will] continue. The deal marks MI['s] first move into manufacturing.

STANCROFT

A letter to shareholders [of] **Stancroft** accompanying [the] formal offer from **Nicholas Be**[...] points out that holders of [...] per cent. of the issued cap[ital] have undertaken not to acc[ept]. Mr. A. J. C. Thomas says, h[ow]ever, the offer of 24½p a sh[are] cash is fair and reasona[ble]. Shareholders should take i[nto] account any capital gains [tax] liability which might arise fr[om] accepting the offer, he points [out] and those in doubt should [con]sult their professional adviser[s].

Closing date is October 15 [and] the offer will not be extende[d].

UNIT TRUSTS

S & P INCOME BONDS

Save and Prosper Group is [in]creasing the return on its [...] and 10-year Guaranteed Inc[ome] Bonds and is also introducin[g a] new shorter-term bond.

For investors requiring inc[ome] bonds of shorter duration [Save] and Prosper has now added a [...] year bond to its range. For [in]vestors subject to basic rate [in]come tax this provides a return of 9 per cent. p.a. irres[pec]tive of age at purchase.

On a 10-year bond for m[en] aged 40 to 80 at the time of [pur]chase the net return on bonds [has] been increased from 7.95 per c[ent.] to 8.72 per cent. and from 8.8 [per] cent. to 9.75 per cent. per ann[um] respectively, assuming inves[tors] pay tax at the basic rate. On [...] year bonds the increases for [...] and 80-year-old male investors [are] from 7.56 per cent. to 8.59 [per] cent. p.a. and 7.95 per cent. t[o ...] per cent. p.a. respectively.

HILL SAMUEL

The 18th distribution of the Samuel Security Trust for th[e] months to September 4, 1973, [will] be 0.556p per unit, pay[able] October 15. At the Septembe[r] 1973 offer price of 40.4p xd [per] unit, the units give an estim[ated] gross annual yield of 3.26 per c[ent.]

NEW BOOKLET

A new booklet on investm[ent] trusts—"The Association [of] Investment Trust Companies, first 38 years: 1932-1970"—[has] been written by Mr. W. Gammell. It includes descript[ions] of the Association's relations [with] the Government and also s[hare]holder protection, taxation [and] other matters. Mr. Gammell [was] with the AITC from 1936 to [...] and was secretary for 17 yea[rs].

Copies of the book are a[vail]able at £1 post free from [the] Secretary, Association of Inv[est]ment Trust Companies, 7 A[...] Court, Throgmorton Street, E[C2N] 7HS.

9% INCOME BOND

Friends' Provident annou[nces] that in view of the continued [rise] in interest rates it has b[een] decided to introduce a fifth is[sue] of guaranteed high income bo[nds] on improved terms. The bond offers a yield of up to 9 per c[ent.] per annum net of income ta[x at] the present 30 per cent. b[asic] rate.

INTERIM STATEMENT

UNION CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

HALF-YEARLY STATEMENT

The unaudited consolidated accounts for the six months ended 30th June, 1973, and the comparative figures for the year 1972 show:

	Half-year ended 30.6.1973	Half-year ended 30.6.1972	Year ended 31.12.1972
	R	R	R
Dividends and interest from investments	9,752,000	7,086,000	18,569,000
Realised profit on investments and government securities	2,452,000	3,567,000	5,989,000
Interest received, net revenue from fees and sundry receipts	5,969,000	3,860,000	8,988,000
	18,173,000	14,513,000	33,546,000
From which must be deducted:—			
Administration expenses	2,501,000	2,229,000	4,992,000
Interest paid	1,505,000	1,619,000	3,835,000
Depreciation of fixed assets	61,000	44,000	109,000
Provision for writing down investments (Note 1)	—	—	1,900,000
	4,067,000	3,892,000	10,836,000
Consolidated profit before taxation	14,106,000	10,621,000	22,710,000
Taxation	1,490,000	1,122,000	1,756,000
CONSOLIDATED PROFIT AFTER TAXATION	12,616,000	9,499,000	20,954,000
Cost of interim dividend	4,067,000	2,905,000	

Dividends and interest from investments for the full year 1973 will be significantly higher than in 1972 due mainly to increased dividends from mining companies.

Note 1. No provision has been made in the above half-yearly figures for the writing down of investments as this provision is calculated at the Company's financial year-end and is related to market prices ruling at that date.

2. Exploration expenditure is charged to exploration reserve account and not to the profits of the period in which it is incurred. For the half-year ended 30th June, 1973, exploration expenditure amounted to R913,000 (for the half-year ended 30th June, 1972 it was R612,000 and for the year 1972 it was R1,405,000).

3. Foreign currencies have been converted into South African currency at the approximate rates of exchange ruling on 30th June, 1973.

INTERIM DIVIDEND

The directors have declared an interim dividend of 7 cents per share, Republic of South Africa currency (1972 5 cents) payable to members registered at the close of business on 18th October, 1973 and to persons surrendering coupon No. 118 detached from share warrants to bearer, on or about 29th November, 1973.

By Order of the Board,
per pro. UNION CORPORATION (U.K.) LIMITED
London Secretaries

J. W. LOCK

London Secretaries:
Princes House,
95, Gresham Street,
London, EC2V 7BS.

London Transfer Office:
Hill Samuel Registrars Limited,
6, Greencoat Place,
London, SW1P 1PL.

25th September, 1973

INTERIM STATEMENT

Combined English Stores Group Ltd.

Chairman Murray Gordon reports

RECORD £1M PROFIT FOR HALF YEAR

RESULTS (unaudited)

Half year ended 28 July	1973	1972	1971
	£000	£000	£000
Sales	17,399	12,186	7,569
Profit before taxation	1,006	448	255
Taxation – estimated	486	179	102
Profit after taxation	520	269	153
Extraordinary profit less estimated taxation	85	(244)	(60)
	605	25	93

Profit before taxation includes £139,000 from John Julian & Co Ltd for the 30 weeks from 1 January, 1973 and £78,000 from disposal of properties. Extraordinary profit relates to the disposal of premises formerly occupied by the terminated departmental stores division and the disposal of a small check trading subsidiary.

DIVIDEND

The Directors have declared an interim dividend for the financial year ending 26 January, 1974 of 8·4% "net", payable on 30 October, 1973. This dividend is equivalent to 12% "gross" under the old taxation system. Last year the Directors would have paid an interim dividend of 10% gross but this was increased to 12% and payment was deferred until February, 1973 for tax reasons.

PROSPECTS

The Group continues to enjoy excellent trading conditions, despite the introduction of VAT, and the Directors look forward to another record year. Profits for the half-year reflect considerable organic growth and the benefits of improved management and marketing techniques. The Directors are confident that still further growth will be derived from the planned expansion programme, established trading policies and the Group's broad retail base.

INTERIM STATEMENT

BENSONS INTERNATIONAL SYSTEMS LIMITED

INTERIM STATEMENT (UNAUDITED)

The results of Bensons International Systems Limited and its subsidiaries, for the six months ended 30th June, 1973, are as follows:—

	6 months ended 30th June, 1973	6 months ended 30th June, 1972	Year ended 31st Dec., 1972
	£	£	£
Profit before tax	310,000	240,000	512,470
LESS: Tax*	150,000	107,000	220,245
	160,000	133,000	292,225
LESS: Minority Interests	14,000	12,000	26,785
Due to Bensons' Shareholders	146,000	121,000	265,440
Net Interim Dividend	21,250	—	—
Gross Interim Dividend	—	30,000	30,000
Final Dividend 1972	—	—	57,019
	21,250	30,000	87,019
Less Dividends Waived	4,500	6,500	18,942
Dividend Payable	16,750	23,500	68,077
Earnings per Share	5.9p	5.7p	12.5p

* Tax on U.K. Profits for 1973 has been calculated at an estimated rate of 47.5% (1972—40%).

INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of 5% (net) on the ordinary share capital of the Company. Together with the tax imputation of 30%, this is equivalent to a gross dividend of 7.14% and compares with a gross interim dividend of 7% for 1972. This dividend will be paid on 3rd January, 1974 to those shareholders registered on 4th December, 1973.

Mr. Frank Bennett and Mr. Phillip Bennett have waived their right to receive dividends on their shareholdings for the year ending 31st December, 1973.

DIRECTORS' STATEMENT

Trading for the six months ended 30th June, 1973 has proved most satisfactory, and further increases in turnover, profits and earnings per share have been achieved compared with the corresponding period of last year. The Board looks forward with confidence to the progress of the Company during the remainder of 1973, and a significant advance in profit is expected on an annual basis.

The pattern of growth is continuing, supported by substantial contributions from overseas and U.K. subsidiaries. The vigorous and penetrating research and development programme, always pursued by the Company, has resulted in increased productivity generally and enabled trading to expand considerably despite labour shortages.

International currency fluctuations resulted in additional costs which have been charged wholly against trading profits in the period.

The leading manufacturers of loose leaf equipment for use in filing systems, catalogues, educational text and note books and selling aids.

Brimscombe, Stroud, Gloucestershire

هكذا من الأصل

Foseco Minsep well ahead

ALES some £13m. ahead at m., profits before tax of Minsep have gone ahead £3.54m. to £4.72m. in the onths ended June 30, 1973. res per 25p share are shown e risen from 4.19p to 4.79p. ilts of overseas companies e 1973 six months have been ted into sterling at ex- e rates ruling at September mpared with June 30, 1972 e rates at December 31, 1972 been used), the changes in resulted in an increase in of some £180,000 for the six s.

uisitions since July 1, 1972 contributed additional sales m. and profits, before tax, £7,000 to the first half

sectors have progressed, the rs report. The Foseco urgical side achieved a rate of advance virtually vide, with a "particularly performance" from the y products division.

Fosroc building and con- on activities are enjoying ous" growth across all ns, with expansion com- ig outside the U.K.

interim dividend is 1.0731p er share—equal to 1.532p against 1.46p. The 1972 total .41p paid on profits of ing overall growth of a quarter, seems to be on the cards. Here the fully diluted net prospective p/e comes down to 9.1 at 116p.

Statement, Page 26

	First-half 1973 £000	1972 £000
sales	40,494	27,496
profit	4,850	3,757
est payable	[illegible]	32
fore tax	4,722	3,535
	2,279	1,502
nt	2,441	2,033
s	250	181
ble	2,191	1,852
ndend	22	31
Ord.	2,171	1,822
	492,000	444,000

tax £787,000 (£536,000) and £1,492,000 (£1,100,000).

Statement, Page 33

See Lex

Dawson & Barfos upsurge

FIRST-HALF 1973 group trading profit of Dawson and Barfos expanded from £70,000 to £230,000, reflecting an increase from £114,000 to £214,000 achieved by the essence division.

Turnover of the essence division was considerably higher, particularly in export markets, and prospects for the second six months are encouraging, says the chairman, Mr. L. A. Trafford.

Group pre-tax profit for the period was £174,000, compared with £8,000—and was in excess of the £90,000 for all the year 1972.

An interim dividend of 0.35p net per 25p share—equal to 2 per cent. gross—is declared. A single payment of 4 per cent. was made for 1972.

	Half year 1973 £000	1972 £000	Year 1972 £000
Essence profit	214	114	330
Engineering	6	*44	*116
Interest received	10	—	3
Trading profit	230	70	217
Deb., etc. interest	56	62	127
Profit	174	8	90
Taxation	75	5	55
Minority loss	—	—	9
Extraordinary debits	33	—	95
Earnings for Ord.	66	5	*52

* Loss.

Mr. Trafford says the engineering division now has a "most satisfactory forward order book" but the upswing came too late to have any appreciable effect on the first half. Provided the supply position improves, the division should show a small profit for the second six months. The healthy order book, with measures already taken to streamline the organisation, provide good prospects for 1974.

Subject to completion of certain formalities the holdings in Stewart and Brierley Holdings (Pty.), Johannesburg, and Dawson Bros. (Machinery and Services) Pty., Melbourne, have been sold as it was decided that neither was yielding a satisfactory return.

Associated Leisure growth

MAINTAINING THE recovery set over the last financial year, Associated Leisure reports a rise in first quarter (13 weeks to August 12, 1973) profit to £761,000, compared with £428,000 for the first 12 weeks of the previous year, from turnover of £3,354,000, against £2,636,000.

Turnover for the 53 weeks to May 13, 1973, was £11m. and profit for that period £2,198,000.

Current trading is satisfactory and conforms closely to budgeted expectations. The chairman, Lord Jessel, says he has every reason to believe that the half-year's results "will be equally good."

	13 weeks 1973 £000	12 weeks 1972 £000	53 weeks 1972-73 £000
Turnover	3,354	2,638	11,023
Trading surplus	1,197	926	4,148
Depreciation	424	404	1,510
Invest. income	90	55	[illegible]
Int. payable	111	149	[illegible]
Profit	761	428	2,198
Extraordinary deb.	*70	—	[illegible]
Taxation	345	171	[illegible]
Minorities, etc.	16	11	[illegible]
Attributable	330	246	1,341

* Coral bid defence costs.

Lord Jessel, says the first quarter result indicates the continued rise in earnings which are now spread more evenly across the year. The Board has felt it necessary to deduct from this quarter's profits, however, the costs incurred as a result of the unsuccessful takeover bid launched by J. Coral Holdings.

The chairman pointed out that since end 1972, when the group received final payment for the sale of the holding in Butlins', it has been the policy to seek investment in directions which would improve the value of Associated Leisure shares either by increasing the asset backing or improving the profit performance or by a combination of both.

Many prospects have been examined some of which have been rejected and some of which are still under negotiation. One of these latter is the acquisition of the Blue Board (Holdings) group which, if satisfactory terms can be agreed, will be put before holders for approval, he adds.

Ruberoid sees profit advance

THE DIRECTORS of Ruberoid reiterate that all indicators point to an increase in sales volume for 1973 and a further improvement in profitability.

From a turnover of £6.44m. against £5.71m., group profit, before tax for the half year to July 1, 1973 advanced from £205,000 to £238,000. For the full previous year the figure was £886,895.

An interim dividend of 2.8 per cent. net is declared, equal to 4 per cent. gross (2.5 per cent.)—the increase is to reduce disparity. Previous total was 10.5 per cent.

	Half year 1973 £000	1972 £000
Turnover	6,441	5,705
Profit	238	205
Deferred profits*	119	132
Tax and minorities	110	86
Net profit	128	119
Extraordinary credit	—	5
Retained	57	61

* Applicable to uncompleted contracts.

Chairman Mr. T. Kenny points out that early in the year production was halted for two weeks due to a strike at the company's Brimsdown factory. The reduction in sales resulted in a loss of profit of about £60,000.

Demand is buoyant for all manufactured products and the order intake for Ruberoid Contracts is running at a high rate, which augurs well also for 1974, he reports.

Varney prospects excellent

PROSPECTS for the re-structured business of Varney (Holdings), housing estate developers and plant hirers, are "excellent," chairman Mr. H. R. B. Hobdell says in his annual statement.

When the present negotiations have been successfully completed, the group will emerge as a major force within the Scottish construction industry and he anticipates "even better results for the current financial year."

The chairman anticipates that the association with Bovis now effective, will be beneficial to Varney shareholders. Its breadth of experience is likely to prove "particularly valuable" for the rapid expansion of the company, he adds.

He outlines the re-structuring of Varney, whereby the group will concentrate its resources in Scotland, acquiring Bovis Home Scotland and Bovis Construction Scotland. Varney will dispose of its other house-building interests outside Scotland and sell the whole of Dell Plant Hire and contractors Tyre Services to Bovis for cash.

It is intended eventually to add a property development arm to the existing construction and housing activities "giving the company a broad spread of interests."

The offer by Bovis to acquire 65 per cent. of Varney became unconditional on July 10. At that date acceptances as to 87 per cent. of all shareholdings had been received and, in accordance with the offer, were scaled down to 65 per cent.

As reported on August 8, Varney made a pre-tax profit of £792,875 for the year to April 30 1973, against £340,166 on which dividends total 14.7 per cent. gross (14 per cent.).

Meeting Winchester House, October 25 at 2.30 p.m.

Chairman's Statement Page 5

Substantial advance for Tomatin

NEARLY doubled first half taxable profits of £282,192 for Tomatin Distillers, and a forecast of a substantially higher figure for the full year 1973, than the £436,000 of 1972, subject to unforeseen circumstances, are announced by chairman Mr. R. S. H. Callingham.

After tax of £139,000 (£50,000), the first half profit amounts to £143,192 against £89,068.

The interim dividend is lifted from equal to 4 per cent. to 4.3 per cent. gross—3 per cent. net. This represents a net distribution of £32,400, which with tax credit is equivalent to £46,286 gross (£43,200).

The chairman says that under normal circumstances the Board would have increased further the interim but have not done so in order to avoid the possibility of having to reduce the amount paid as a final—14 per cent. gross last year—should the current regulations be maintained.

As indicated in his statement of April, new whisky is being produced to full capacity, while both export sales and by-products continue to show a greater contribution, he reports. The company produces Scotch malt whisky.

Profit for the first half includes that arising from certain sales which usually come in the second half. It is thus likely that the rate of increase during the second half will not be as great, Mr. Callingham explains.

Work on the increase in the capacity of the distillery by 1m. gallons "is progressing satisfactorily and without interference to current production."

ensons /stems' 'ogress

HALF 1973 pre-tax profit ions International Systems ed from £240,000 to , and the directors expect icant advance for the year e £512,470 for 1972.

ngs for the six months are at 6.9p against 5.7p per 20p An increased net interim of 5 per cent.—equal to per cent. gross—is de- The 1972 total was per cent. gross.

pattern of growth is con- supported by substantial ations from overseas and bsidiaries, the directors The research and develop- rogramme has resulted in d productivity generally abled trading to expand ably despite labour es

ational currency fluctu- sulted in additional costs ave been charged wholly trading profits in the The company manufac- oose leaf equipment for iling systems, catalogues, onal text and note books ling aids.

	Six months 1973 £	1972 £
[illegible]	320,000	240,000
[illegible]	[illegible]	[illegible]
[illegible]	14,060	22,060
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

F. Bennett and Mr. P have waived their right eive dividends on their for 1973.

nment

ture at Bensons Inter- Systems over the last ars has been one of sales outstripping that of pro- h last year's margins third on the 1968 level. r, however, the company to stop the rot, and no turnover figure is e for the first six months. pre-tax figures are 29 ahead, with, once again, anding contribution from r's acquisition from Cake- Currency losses in the ve now been eliminated sterling arvoiding so a target of £640,000, assum-

Exports boost for Croydex

REFLECTING a "substantial" improvement in the contributions of exports, first half turnover of Croydex Rubber Products has increased from £1,251,777 to £1,599,673, and pre-tax profit from £176,783 to £219,595.

The interim dividend is lifted from equal to 1.6p per 20p share, adjusting for a scrip to 1.68p gross—1.176p net. Total for the year 1972 was equal to 3.39p paid from profits of £353,559.

After deducting tax of £104,000 (£71,000) the first half net profit balance was £115,595 compared with £105,783.

Statement, Page 14

Heron-Lloyds & Scottish

Heron Corporation and Lloyds and Scottish have formed a joint company with a starting paid up capital of £1m. Shareholdings are 51 per cent. Heron and 49 per cent Lloyds and Scottish.

The new company will be called Heron Lloyds and Scottish Finance and will have its headquarters in London at Heron House, Marylebone Road, N.W.1. Its objects will be to finance major commercial, industrial and residential property development schemes in the U.K. Consideration will also be given to backing non-property based projects.

Directors are J. McQueston, chairman, G. M. Ronson, managing director, W. W. Renilson, and H. Dolun.

CENT ISSUES

EQUITIES

[illegible]	[illegible]	1973 High	Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	125	−5	13	1.6	6.3	10.2
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	129½	[illegible]	[illegible]	[illegible]	6	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	142	[illegible]	65	2.1	6.3	10.4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	58	1	35	1.7	8.6	6.9
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	31	1.6	[illegible]	[illegible]
[illegible]	26/10	[illegible]	[illegible]	[illegible]	154	[illegible]	9.5	3.1	2.2	20.2
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.01	[illegible]	2.6	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	47	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	62	[illegible]	48.5	1.7	6.6	14.8

FIXED INTEREST STOCKS

[illegible]	[illegible]	1973 High	Low	Stock	Closing Price	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible] Red. Pref.	67p	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9p	[illegible]
[illegible]	26/10	[illegible]	[illegible]	[illegible]	5	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	89¼	[illegible]
[illegible]	26/10	[illegible]	[illegible]	[illegible]	8	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3105	[illegible]
[illegible]	16/10	[illegible]	[illegible]	[illegible]	100¼	[illegible]
[illegible]	2/11	[illegible]	[illegible]	[illegible]	90½	[illegible]
[illegible]	2/11	[illegible]	[illegible]	[illegible]	84½	[illegible]
[illegible]	19/10	[illegible]	[illegible]	[illegible]	92½	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	80	[illegible]
[illegible]	23/11	[illegible]	[illegible]	[illegible]	26	[illegible]

"RIGHTS" OFFERS

[illegible]	Latest Renunc. Date		Stock	Closing Price p	+ or −
[illegible]	—	—	[illegible]	44pm	−1
[illegible]	7/9	19/10	[illegible]	28	+1
[illegible]	[illegible]	[illegible]	[illegible]	70	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	15	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	5pm	[illegible]

[illegible]

The British Electric Traction Company, Limited

Sir John Spencer Wills reports record earnings

The Annual General Meeting of The British Electric Traction Company, Limited will be held on 18th October 1973, at the Connaught Rooms, Great Queen Street, London, W.C.2.

The following are extracts from the Review of the Chairman, Sir John Spencer Wills, which accompanies the Report and Accounts for the year ended 31st March 1973:—

I have worked for B.E.T. for over 50 years and for 27 of those years, up to 1st April 1973, I was Managing Director.

I have handed on the torch (as Chairman of Wembley Stadium, I am inclined to use Olympic terms!) to Hugh Dundas, with complete confidence in his ability to do a good job for you. He has a bigger task than I had when I became Managing Director on 1st January 1946. In those days the annual turnover of the associated and subsidiary companies managed by B.E.T. was £25 million, and the annual profit of B.E.T. was, before tax, £654,000. For the year 1972/73 just ended, the Group turnover was £238 million and the profit of B.E.T. was, before tax, £35 million.

In 1946, the Company's operating interests were wholly within the United Kingdom and, apart from some small laundry undertakings, lay in the public utility sector—passenger road transport, electricity supply and gas. Today, only the laundry interests, greatly enlarged and engaged principally in the field of linen and garment hire, remain; the other businesses have passed into the ownership of the State and have been replaced by interests, at home and abroad, in a wide range of manufacturing and service industries.

In spite of the tremendous growth which has taken place, the number of employees in this country and overseas last year, at 53,300, is very much the same as in 1946. The businesses now managed by B.E.T. are less labour intensive.

In terms of the market value of B.E.T., anyone who bought £100 of Deferred Ordinary Stock at the end of 1945 would have paid for it the sum of £1,025. Without having put up any more money he would now own 14,450 Deferred Ordinary Shares of 25p each, with a total market value of £26,000 in the last 'bull' market and of £16,000 even in present depressed conditions.

Accounts

The year to 31st March 1973, was another period of continued growth by B.E.T. The profit, before tax, rose from £23.4 million to £35.2 million, while earnings, after tax and minority interests, increased from £11.6 million to £15.8 million. The year's results would have been £200,000 better had not the profits of our investment trust companies been affected by the deferment, for transitional tax reasons, of the payment of dividends on a number of their investments.

The full consolidation for the first time of the results of the United Transport Group accounted for £5 million of the increase of £11.8 million in pre-tax profit, and for £2.2 million of the increase in profit of £4.2 million, after tax and minority interests, attributable to B.E.T.

It is our constant aim not only to increase profits but also to raise our efficiency in earning them—in other words, to increase profitability. It was, therefore, a considerable disappointment that Stage 2 of the Government's Counter-Inflation Programme should penalise industry in the achievement of that aim by limiting profits through the imposition of arbitrarily ascertained profit 'reference levels'. It is to be hoped that when Stage 3 of the Government's Programme is announced shortly it will recognise the important contribution which increased profitability can make towards a solution of the country's economic problems.

The consistent increases in profits shown by B.E.T. in the past three years have been the fruits of careful planning and today our profits are more broadly based than at any time in the past. It is my belief that foundations have been laid which will secure continued growth in the long term, as well as in the short term. Particular attention is being given to developments in waste disposal and industrial plant hire, and to the expansion of B.E.T. interests in selected areas overseas.

Humphries Holdings

Further recovery was made by the Humphries Holdings group during the year to 31st March 1973, when a pre-tax profit of £124,000 was earned, compared with the loss of £190,000 incurred in the previous year.

Advance Laundries

Advance Laundries made encouraging progress in 1972 with a 10.4 per cent increase in pre-tax profits to £1,654,000.

The group's main commercial services—Towelmaster towel cabinets, linen and garment hire—had a good year and office cleaning, which is a highly competitive business, also did better in 1972.

A start has been made in the past year in setting up joint ventures in a number of overseas countries in partnership with local interests, primarily with a view to developing the commercial services.

Printing and Publishing

Argus Press Holdings has had a successful year which produced a record profit of £467,000, against £221,000 in 1971 and £383,000 in the preceding year. The improvement was mainly the result of the weekly newspaper acquisitions I referred to a year ago, although the magazine companies also contributed through successful purchases of new titles and launches.

For many years, the B.E.T. Group held just short of a controlling interest in Electrical Press Limited, a small, unquoted company which publishes weekly newspapers and the successful magazine, "Shooting Times". In September 1972, our interest became a controlling one, through a purchase of further shares and we now hold 67.4 per cent of the capital of Electrical Press. For the nine months to 31st March 1973, the company earned a profit, before tax, of £160,000.

United Transport Company

The profit, before tax, of United Transport for 1972 amounted to £7,488,000, compared with £7,023,000 in 1971.

The United Kingdom transport interests were affected by the industrial dislocation consequent upon the miners' strike and the national dock stoppage. As forecast a year ago, profits at home were down on those of 1971, but the drop was more than offset by the advance in profits earned overseas.

The results of the overseas group were a record.

There has been further expansion in the overseas touring operations during the year with acquisitions in Kenya and Fiji and of a 60 per cent shareholding in the Nyali Beach Hotel in Mombasa.

Murphy Bros.

In my last Review, I warned that Murphy Bros.' profit for its year to 30th November 1972, would not match that of 1971. In the event, the profit, before tax, at £817,000, compared with £1,382,000 for the previous year, was less than we had expected.

The group was affected by the depletion of its own coal reserves, which necessitated an accelerated movement of the open cast mining activities into contract work for the National Coal Board at lower profit margins. The result also reflects the serious effects of the miners' strike in January and February 1972, and the industrial action of building workers in August and September. It is estimated that these national disputes cost Murphy Bros. some £300,000 in pre-tax profits.

Plant Hire

The pre-tax profits of our three plant hire companies, Eadison Plant, Grayston and J. D. White, for the year 1972/73, totalled £1,559,000 compared with £1,168,000 for the previous year. Had it not been for the adverse effects of the industrial dispute in the building industry in the late summer of 1972, profits would have exceeded the £2,000,000 mark.

The materials handling operations enjoyed a high level of demand throughout the year. The expected increase in the demand for construction plant did not materialise until half-way through 1972 but successful measures to reduce operating costs, the elimination of certain items of plant yielding below average returns and the mild winter, were reflected in the substantial improvement in the profits earned from operations in this field.

The companies continue to keep their hire fleets up-to-date and have plans for expansion; orders for new plant have been placed this year to the value of £4½ million.

Reclamation and Disposal

Reclamation and Disposal Limited is the holding company for B.E.T.'s expanding interests in the waste disposal field. Immediate plans include a £3 million programme for the establishment by Re-Chem International of a number of highly specialised centres for the safe treatment and disposal of hazardous industrial wastes.

Two of these new centres, at Pontypool in South Wales and Bonnybridge in Scotland, are under construction. The Pontypool plant will be opened in November and the Bonnybridge plant is due to be ready by the spring of next year. Planning approval has been received for the erection of another plant at Overseal in Derbyshire.

The construction of further centres in other parts of the country will be commenced as soon as the necessary planning consents have been obtained.

Rediffusion Holdings

For the year to 31st March 1973, the pre-tax profit was £717,000, compared with £605,000 for the previous twelve months. The improvement was due mainly to an increase in the profits of Wembley Stadium, although Walport, which provides filmed entertainment for ships at sea, also produced better results.

Further progress is being made in the development of the land owned by Wembley Stadium. Detailed planning permission for the erection of a conference centre and offices was granted in May 1973, and building work commenced at the end of that month. The conference centre, which will have a main auditorium providing seating for up to 2,700 persons, will be the first purpose-built centre of its kind in the United Kingdom.

Rediffusion Television

The pre-tax profit of Rediffusion Television, including the 50 per cent share of the profits of Thames Television, for its year to 29th July 1972, at £2,981,000, showed an increase of £694,000 on the previous year's figure. The improvement was attributable to a further increase in the profits of Thames Television.

The Government has recently announced its intention to replace the present levy on the television companies' advertising revenue with a levy based on profits. Although the new system is expected to be introduced before the end of 1973, no details of how it will operate have yet been published. It is not possible, therefore, to attempt to assess the effect of the new levy on the profits of Thames Television for its current year to June 1974. Irrespective of the new levy arrangements, however, it is likely that, because of substantial increases in other costs, Thames Television's profits will be less than those for its year which has just ended.

In June 1973, Rediffusion Television entered into an arrangement to acquire for £1½ million the intermediate leasehold interest in St. Catherines House (formerly known as "Television House"), which stands between the company's own freehold and leasehold interests in that property. At the beginning of September, Rediffusion Television agreed to sell the whole of its interests in St. Catherines House for £23 million, showing a surplus over book value of approximately £8 million.

Boulton & Paul

The improved results forecast twelve months ago for Boulton & Paul have been realised to a greater extent than had been expected. The pre-tax profit of the group for the year to 31st March 1973 of £5,086,000 showed an advance of 76 per cent on the previous year's profit of £2,892,000.

Further expansion in joinery production and continued improved results in both steel construction and the scaffolding subsidiary, Stephens & Carter, were the principal contributors to the higher profit.

With activity in all the main sectors of Boulton & Paul's business continuing at a high level, further improved profits are expected for the current year, although the cost of financing timber stocks at prices which, owing to world demand, have doubled in recent months, will inevitably take its toll.

Oil Exploration

In February this year, the consortium formed by Phillips Petroleum Company, in which B.E.T. is a participant, discovered oil on Block 16/29—the Maureen field—which is about 170 miles north-east of Aberdeen. On prolonged tests the well yielded a flow rate in excess of 3,500 barrels of 36° gravity oil a day. Further drilling will be required to evaluate the discovery and this is currently planned for the end of 1973.

At present, the consortium is drilling on Block 210/15, north-east of the Shetland Islands. The consortium holds licences in respect of 10 blocks (including the two already mentioned) in the United Kingdom sector of the North Sea and has a one-half interest in four other blocks in that area. The consortium also has licences for two blocks west of Shetlands and one block in the Celtic Sea.

B.E.T.'s interest in the consortium is 7 per cent in one area and 5 per cent in the rest.

Rediffusion

For the second year in succession, Rediffusion's results showed a substantial improvement, the pre-tax profit for the year to 31st March 1973 being £12,327,000, compared with £8,238,000 for the previous year.

Colour television sets were the outstanding contributor and, over the year, the number of such sets on hire more than doubled. A considerable proportion of the hirings of colour sets came from existing customers, changing from monochrome, but the greater proportion consisted of entirely new customers.

Rediffusion's 'Bristol Channel'—an experiment in local community television over its cable network in that city—was inaugurated by Sir John Eden, Minister of Posts and Telecommunications, on 17th May this year. Rediffusion Radio Holdings, which was formed to promote Rediffusion's participation in commercial radio, played a leading part in the establishment of Capital Radio and in preparing that company's successful application for the London general station. Rediffusion Radio Holdings has a 15 per cent equity interest in Capital, which is expected to start broadcasting on 16th October.

Redifon Limited, the group's electronic manufacturing company, has been reorganised and now consists of three operating subsidiaries. The combined results show a much improved return and the upward trend of profits continues. One of the subsidiaries, Redifon Telecommunications, won the Queen's Award for Industry this year, in recognition of export achievement: during the financial year 1972/73, 61 per cent of the company's sales went overseas. Redifon Flight Simulation achieved a remarkable success in the highly competitive market in which it operates, winning five of the seven major simulator orders placed by the world's civil airlines in 1972. During 1973, orders for a further four simulators have been secured, comprising a Jumbo jet simulator and three simulators for wide-bodied jets similar to the Jumbo.

The reduction in profit from overseas was largely attributable to the uncertain situation in Hong Kong. Following the announcement that a second wireless television station was to be licensed, Rediffusion's closed-circuit cable operations suffered a steady loss of support. However, our consortium's tender for the new wireless franchise has been successful. The station should be on the air before the end of the year and is expected to produce good profits. To a lesser extent overseas profits were hit by the enforced sale of our cable television businesses in Canada, following legislation against foreign ownership.

In the United Kingdom the colour television boom can be expected to continue. Rediffusion's investment in colour television is not likely to reach its maximum for two or three more years but the provision of finance is not expected to pose any major problem.

Current Year

I have referred already to steps taken to secure the long as well as the short term prosperity of the Group. Profits have advanced steadily in the last few years and this year has started well, with profits to date in all sectors ahead of those for the corresponding period of the previous year. The only reason I am wary of saying outright that we shall have another good year is that we do not know what the Government or the unions may have in store for us in the latter part of the year.

Copies of the Report and Accounts, containing the Chairman's Review, can be obtained from The Secretary (FT), Stratton House, Piccadilly, London, W1X 6AS.

The B.E.T. Group

INTERNATIONAL COMPANY NEWS + EURO MARKETS

Think big, takeover report advises

By David Egli

GENEVA, September 25.

OF THE more than 4,000 company takeovers in Europe each year, nearly half are failures or are not worth the effort, according to a study just completed for Business International of Switzerland. The resulting loss through misinvestments amounts to $18,000m. annually.

The study covers 407 acquisitions in 16 European countries by American, British, French and German companies. About one-quarter of these were subsequently characterised as failures and another 25 per cent. were found to be of such marginal value that they were not worth the effort.

The survey finds that the smaller the acquired company, the greater is the chance of failure. Conversely, when it is more than one-quarter the size of the parent company, the success rate climbs to 75 per cent.

Another conclusion is that buying a company with only marginal profits, with the hope of turning it around with better management, usually does not work. It is better to look for profitable companies even if it means paying a premium. Finally, acquisition for the purpose of diversification is dangerous, for partial diversification it is even more so.

Brown Boveri is cautious in the face of cost rises

BY ANDREW HARGRAVE

FRANKFURT, September 25.

IN SPITE of substantial increases in sales and orders in the first half of this year, the management of the West German subsidiary of Brown Boveri, a major power plant manufacturer, is cautious in its profit and dividend forecast for 1973 as a whole.

Last year, Brown Boveri paid a 16 per cent. dividend on a profit of DM.23.4m. So far, the management says, it has succeeded in maintaining earnings at broadly the same rate by extensive rationalisation and cost-saving measures as less than half the cost increases could be absorbed by rises in prices.

In the first half-year sales of the Mannheim-based company (which is much larger than the parent organisation) reached DM.1,270m. an increase of 15 per cent over the admittedly poor first half of 1972. The management expects a lower rate of increase for the whole of 1973. The export share of sales rose from 17 per cent. to 21 per cent.

The value of the order intake exceeded DM2,000m. in the first half-year (compared with DM2,707m. in the whole of 1972) which, however, includes the first part of a nuclear power station contract. Without this, the increase in new orders in the first half-year was 24 per cent., again comparing with a poor 1972 during which there was an overall decline in order intake.

Investment for 1973 will, as planned, be at the level of last year's when it was just over DM150m. The labour force (38,700) was virtually static, but labour costs rose in the first half-year by 12 per cent. Because of the expansion in sales and the correspondingly rising down-payments on plant, the report adds, the company's liquidity was satisfactorily high.

Michelin has preliminary discussions with unions

BY ANTHONY ROBINSON

ROME, Sept. 25.

AFTER HEAVY pressure from all sides a Michelin management team finally sat down with union representatives to-day for a preliminary discussion of union demands for more information about group plans in Italy. This followed an unprecedented intervention by the Socialist Minister of Labour, Signor Luigi Bertoldi, who became what is believed to be the first Italian Labour Minister to address a union meeting in an occupied factory when he went to the Michelin Dora plant in Turin this morning.

According to union representatives present at the meeting he told the Michelin workers that he would do everything he could to make sure that Michelin came to the negotiating table. To-morrow, meanwhile, employers and union representatives are due to meet for the first time to discuss the shape of the new three-year national labour contract for the rubber and plastic industry to replace the existing contract which expires at the end of this year.

The first item on the agenda is the *Michelin Affair*, and the unions have made it quite clear that the way in which negotiations develop hinges largely on an equitable solution to the dispute. Hitherto, Michelin has been quite willing to discuss matters affecting the rubber industry at a national contract level and also such things as safety and working conditions in individual plants.

What they have not been prepared to do is to discuss the group's overall investment and employment strategy with the unions.

Citibank plans African loan programme

By Our Own Correspondent

NAIROBI, Sept. 25.

THE FIRST National City Bank said here to-day that it is to make available some $320m. in investment and loans to African countries. This was announced at the World Bank IMF Conference by Mr. William L. Spencer, the bank President. Mr. Spencer also said the First National City Bank is to open a branch in Kenya.

He called Kenya's economic and political stability "a model" for others seeking private capital. The bank is to help Kenya with industrial, real estate, export-import finance, the guarantee business, leasing, management consulting, venture capital and developing export markets.

Mr. Spencer also announced that the Citibank is proposing to build a high-rise office building in Kinshasa, Zaire.

Dividend hint by Abercom

ABERCOM INVESTMENTS of South Africa expects 1974 to be a year of labour and materials shortages "in almost all aspects of the industrial scene." While order books were growing longer, comments the chairman Mr. Murray McLean, it would be difficult to translate this into sales. He forecasts a 25 per cent. improvement in earnings and notes "the dividend distribution may be increased by more than that as the percentage of franked income in the total earnings will be greater."

In 1973 the company had pre-tax profits of R7.88m. giving earnings per share of 46.8 cents.

Ford to register Spanish company

By Our Own Correspondent

MADRID, Sept. 25

FORD IS taking the final steps towards establishing a car manufacturing plant in Spain. It will register the name Ford Espana SA in Madrid during the next few days. The plant is to be built at Valencia.

This was stated here by the Ministry of Industry's Director General Senor Perez de Bricio who added that Mr. Henry Ford II will arrive here in the first days of next month to preside over the initiation of the new company's activities. In addition to the Ford investment, according to figures released by Senor Perez de Bricio, at least Pts.46,000m. (about £320m.) have been earmarked by private enterprises for investment in the modernisation and expansion of the Spanish car manufacturing industry in the next two or three years. Besides Ford, the Barcelona based SEAT (Fiat) has started the construction of a Pts.15,000m. car factory at Saragossa in north Spain and the British Leyland controlled AUTHI is investing Pts.7,000m. in new car production facilities also in north-Spain.

The Madrid-based Chrysler Espana has asked the Government for the official permit to invest Pts.4,000m. and the two companies operating with French capital participation, Citroen Hispania and FASA—Renault, will invest Pts.10,000m. each in new car factories.

According to the director general, the total Spanish car output will increase by about 20 per cent. on last year's figures to about 700,000 cars this year. Of this total production, about 150,000 cars are for export.

Anti-trust warning

THE U.S Justice Department has advised Remington Arms Company that it will sue under anti-trust laws to challenge Remington's proposed acquisition of AB Norma Projektilfabrik of Sweden, if the companies continue with their merger plan.

The Department said the suit also would name as a defendant E. I. Dupont, De Nemours and Company, which controls 64 per cent. of Remington's common stock.

SWEDISH OVERSEAS INVESTMENT

Counting the cost back home

BY HILARY BARNES, COPENHAGEN CORRESPONDENT

FIXED NEW investment by Swedish manufacturing industry abroad in 1970 amounted to 22 per cent. of total fixed new investment by Swedish industry, a proportion which was higher even than overseas investment by American manufacturing industry. As a Stockholm newspaper put it recently, "Sweden's industry is the most multinational."

The 1970 figures somewhat exaggerate the general picture. The average for the period 1965-1970 was 16.5 per cent., an enormous increase over the 1960-65 period, when the average was only 10.7 per cent. There is no doubt, either, that the Swedish multinationals are the most dynamic sector of Swedish industry. They increased employment in production companies outside Sweden from 1965-70 by 24 per cent. and sales by 80 per cent. In Sweden in the same period employment in manufacturing actually fell slightly and sales rose by 45 per cent.

The rapid increase in investment abroad has now reached the stage where the trade unions and the Government are concerned about its effects on employment at home. The trend towards a high rate of direct investment abroad did not worry anyone as long as employment in Sweden was high and growing, but in the 1971-72 recession unemployment reached an unusually high level for Sweden. The percentage averages were 2.5 and 2.7, but in addition to this there were a great many people in relief work and job training schemes and if these are included they give an unemployment figure of nearer four per cent.

The TUC has been considering a scheme to impose compulsory savings on the most profitable companies. The money would be invested in the expansion of industry in Sweden. The authorities have not gone as far in their own proposals, but just before the election the Social Democratic Government stated that it was reconsidering exchange control regulations with a view to gaining greater control over foreign direct investment by Swedish companies (it is, incidentally, also considering measures to gain greater control over direct investment in Sweden by foreign multinationals).

The exchange control regulations at present enable the authorities to reject applications for direct investment abroad for balance of payments reasons. The Social Democrats indicated that they wanted the regulations to enable the authorities also to reject applications in view of the employment situation in Sweden. It was suggested at the time that such a regulation could be applied in the case of the textile and clothing industry, which has been undergoing a hard time in Sweden for the past 15 years with the result that it increased its investment overseas—mainly in Portugal—by almost 500 per cent. between 1965 and 1970. It only accounted for 0.4 per cent. of total investment abroad; but this amounted to 3,000 jobs.

The Social Democratic government also indicated that it wanted a further clause in the foreign exchange regulations enabling it to clamp down on investment in some specific territories and thereby to conform with the policies recommended by the United Nations towards the Portuguese colonies and Namibia.

The argument that investment abroad has damaged employment at home is, of course, impossible to prove. There is no guarantee that the alternative to a plant abroad is a plant in Sweden, and in most cases companies see the establishment of a production company overseas as the only really effective way of breaking into the particular market. It is also a fact that although the Swedish multinationals grew fastest abroad in the 1960s, they grew faster at home than the average for Swedish industry.

By 1970 there was a total of some 430 Swedish daughter companies producing abroad, as well as 905 sales companies. Their total turnover abroad was about Kr16,000m. and they employed 225,000 people, of which 183,000 were in production companies. The latter figure was equivalent to about 20 per cent. of employment in manufacturing in Sweden itself.

The companies with production units abroad have an extremely important role to play in the Swedish economy. They account for about 40 per cent. of industrial employment in Sweden and 55 per cent. of exports. Including companies which only have sales companies overseas, the multinationals account for 71 per cent. of Swedish exports.

On the other hand, the dominating position of the production companies in the overseas investment picture was moderated somewhat in the second half of the 1960s, when the sales companies increased their overseas employment by 72 per cent. (compared to 24 per cent. in the production companies). There was also a strong trend towards investment in companies in which the Swedes had only a minority share. While investment in daughter companies between 1965 and 1970 rose 73 per cent., investment in minority companies rose by 103 per cent.

The company which tops the Swedish multinational league is SKF, the ball-bearing manufacturer, with 78 per cent. of its 64,700 employees in 1972 working abroad. L. M. Ericsson is also very high on the list with 61 per cent. of its 70,600 employees working overseas.

The lion's share of investment went to the EEC (The Six), which accounted for about 48 per cent. of assets of the overseas companies in 1970. The EFTA countries accounted for 21 per cent. (including 10 per cent. in the other Nordic nations), North America 12 per cent. and South America 12 per cent. But in the 1965-70 period the biggest expansion was in South America and the Nordics, while investment in the EEC was rather slower than average.

The engineering industry dominates overseas investment with a 79 per cent. share of the total in 1970. It had 135,000 employees in production companies abroad with sales of Kr.12,430m. The forest-based industries, including paper, were the next largest accounting for 10 per cent. of overseas investment, followed by the chemical industry, 7 per cent., and other industry 4 per cent.

The growth of investment, sales and employment abroad, however, was much slower in the engineering sector in the late 1960s than in the forest-based and miscellaneous sectors. Investment in engineering rose 125 per cent. in the period 1965-70, the number employed 20 per cent., and sales 82 per cent. The same figures for the forest-based industries were 245 per cent., 110 per cent. and 212 per cent., while for the miscellaneous group the figures were 248 per cent., 104 per cent. and 277 per cent.

The investment figures quoted above come from a new study published by the Industrial Institute for Economic and Social Research and cover the period to 1970, but the evidence is that the trend has continued since then, dipping in the recession but swinging up again strongly this year.

A survey of the 200 largest Swedish companies, published by the business magazine Veckans Affärer in August, showed that invoiced sales abroad by these companies in 1972 came to Kr.59,300m., or 30 per cent. of their total sales. Their employment abroad increased by ... per cent. in 1971 and 2 per cent. in 1972.

London listing for Bell and Howell

BY DAVID CURRY

THE COMMON shares of Bell and Howell are being listed on the Stock Exchange to-day.

The American company operates in four basic fields. The biggest, contributing 37 per cent. of sales and 54 per cent. of earnings in 1972, is training and education. Products include audio-visual equipment; software, including textbooks, communications materials, and micropublishing; and services such as career training for individuals and industrial training programmes.

The second major product area is specialised business equipment and supplies covering data storage and retrieval systems employing microimagery. It also embraces mail handling paper folding and duplicating machinery, electronic data gathering, storage and handling and paging equipment and services. In 1972 this sector contributed 30 per cent. of sales and 34 per cent. of earnings.

The consumer photographic division accounts for about a fifth of company revenues and the final main product group is instrumentation, generating some 8 per cent. of sales in 1972.

In 1972 the company had pre-tax earnings of $30.6m. on revenues of $373m. Net earnings were $16.3m. or $2.97 per share. In the second quarter of this year the company notched up $100.7m. in revenues and reported 89 cents earnings per share.

Bell and Howell manufactures in seven countries, and the most rapidly growing operation is in Europe. "The European operation is growing faster than the company as a whole," commented Dr. Donald Frey, chairman. Last year some 18 per cent. of turnover was international, mainly Europe, and some 20 per cent. of the profits came from international business. In 1973 this share will bre greater.

Immediate plans call for company ownership or taking an equity stake in Australia, and eventually Bell and Howell may decide to invest in South Africa.

This year the company expects per share earnings to be around $3.30 or $3.40 following six-month figures of $1.61 per share. This is in line with the company's recent history of steady if unspectacular growth after two relatively bad years in 1969 and 1970.

Bankers for the listing are J. Henry Schroder Wagg and Rowe and Pitman are the London stockbrokers.

Richardson-Merrell seeks Frankfurt introduction

BY ANDREW HARGRAVE

FRANKFURT, Sept. 25.

RICHARDSON-MERRELL, the U.S. drug and pharmaceuticals company, whose first European listing is to be in London on Thursday, has applied for listing at Frankfurt Stock Exchange. First dealings in the company's shares are expected in November: the present price at New York is $66, near this year's low of $65¾ (top 1973 price was $84¼) which would correspond to a D-Mark price of 158.

Sales of Richardson-Merrell, at $505.4m., topped $500m. for the first time in 1972/73, a rise of 13.2 per cent. over the previous year. Of this 45 per cent. came from overseas operations (20 per cent of the total from the EEC).

The company paid a dividend of $1.03 per share in 1972/73 on an after-tax profit of $41.4m. The aim is now an average annual compounded sales increase of 8 to 12 per cent., with profits rising at a faster rate.

The company has a 2.4 to 1 ratio of assets to liabilities including a significant proportion in cash.

At present 84 foreign companies are listed at West German exchanges, with the U.S. (25 companies) leading. Britain (6 companies) is joint fourth with Italy and France after the Netherlands (14) and Japan (8).

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Anglo American 7¾pc 1987	88½	89½
Ashland 8pc 1987	93½	94½
Bluebell 7¾pc 1987	87½	88½
British Land 8pc 1987	91	92
Cadbury Schwpps 7¾pc '90	91	92
Carrier 8pc 1987	93	94
Consd. Foods 7¾pc 1991	90	91
Cutler Hammer 8pc 1987	94½	95½
Denmark 7¾pc 1990	89	90
Fisons 8½pc 1987	94½	95½
General Cable 8½pc 1987	94½	95½
Grand Met 7½pc 1987	97	98
Guardian RE 8pc 1987	94	95
Gutehoffnungshutte 7¾pc '88	90½	91½
Hambros 7¾pc 1987	93½	94½
Hamersley 8pc 1987	91	92
ICI 7¾pc 1992	90½	91½
Kleinwort Benson 8½pc 1987	97	98
Legal and Genl 7½pc 1988	90½	91½
MEPC 8pc 1991	89½	90½
Michelin 7¾pc 1988	90½	90½
Nat. and Grindlays 7¾pc '87	91½	92½
RHM Intl. 8pc 1988	91	92
Prov. of Quebec 7¾pc 1988	89½	90½
Shell Intl. 8pc 1986	96½	97½
Slough 8pc 1989	88½	89½
South Africa 7¾pc 1987	88½	89½
Standard Oil (Ind.) 8½pc '88	99½	100½
Tenneco 7¾pc 1987	90½	91½
Town and City 8pc 1987	89½	90½
Volvo 8pc 1987	94	95
Wellcome 8½pc 1987	95	96
Williams & Glyn's 8½pc '87	96½	97½
NOTES		
Bank of Tokyo 7¾pc 1978	97½	98½
Barclays 7¾pc 1978	96½	97½
Du Pont 7½pc 1978	96½	97½
Esso Intl. 7½pc 1978	95	96
First Chicago 7pc 1980	91½	92½
General Motors 8½pc 1978	100	101
Rockwell Intl. 7¾pc 1979	94½	95½
Tenneco 7¾pc 1979	92½	93½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¼pc '87	118	119½
American Motors 6pc 1992	114	116
Amoco 5¼pc 1984	118	119½
Beatrice Foods 4¼pc 1992	93½	95
Beatrice Foods 4½pc 1992	103½	105
Borden 5pc 1992	87½	89
Broadway Hale 4½pc 1987	92½	94
Carnation 4pc 1987	88	89½
Chevron 5pc 1988	111	112½
Dart 4¾pc 1987	100½	102
Economic Labs. 4¾pc 1987	109½	111
Ford 6pc 1986	99½	101
Ford 5pc 1988	86	87½
General Electric 4¼pc 1987	98½	100
Gillette 4¾pc 1987	104	105½
Gould 5pc 1987	77½	79
Halliburton 4¼pc 1987	139½	141½
Harris 5pc 1992	87½	89
Hitachi 6¾pc 1984	136	138
Honeywell 6pc 1986	107½	109
ITT 4½pc 1987	91½	93
Komatsu 6¾pc 1984	133	135
J. Ray McDermott 4¾pc '87	123	124½
Masco 4¾pc 1987	90	91½
Mitsubishi Elec. 7pc 1985	150	152
J. P. Morgan 4¼pc 1987	127½	129½
Motorola 4½pc 1983	152	154
Murphy 5pc 1989	142	144
Owens Illinois 4½pc 1987	94½	96
J. C. Penney 4½pc 1987	102½	104
Rank 4½pc 1994	84½	86
Sime Darby 5¾pc 1988	84½	86
Slater Walker 5½pc 1987	79½	81
Sperry Rand 4¼pc 1987	106	107½
Squibb 4½pc 1987	100	101½
Toshiba 6¾pc 1985	160	162
Union Carbide 4½pc 1982	88½	90
Warner Lambert 4½pc 1987	102½	104
Warner Lambert 4¾pc 1988	92½	94

Source: Kidder, Peabody Securities.

Company Results

SKF has eight-month rise in sales, profits

● SKF the Swedish ball bearing company group sales for the first eight months of this year were up by about 17 per cent. to a total of Kr.3,702m. compared with the same period in 1972. Pre-tax profits were also up at Kr.258m. (Kr.165m.)

Investment during the period under review was down from Kr.421m. to Kr.260m. The number of employees in the group dropped from 65,504 last year to 62,145 this year.

● Tooheys consolidated net profit was $A5.85m. ($A4.54m.) for the year ended July 31.

Tax was $A5.22m. ($4.29m.) and depreciation $A2.33m. ($1.52m.). The figures exclude a capital profit of $A287,485.

Final dividend is 7 per cent., making an unchanged 14 per cent. for the year.

● Ishikawajima-Harima Heavy Industries expects net profit to rise to about Y2,500m. on net sales of around Y230,000m. in the half-year ending September 30. Net profit was Y2,328m. on net sales of Y223,890m. in the six months ended March 31.

IHI intends to declare a dividend of at least Y2.5 (same) for the current half year, but the company does not entirely preclude the possibility of raising the dividend to Y3.

● Forges de Clabecq—Net profit was B.Frs.115m. for year ended June 30 (44.5m.). Net dividend was B.Frs.125 (50).

The company said steel production for 1972-73 rose to 1.12m. tons from 913,000 tons.

Clabecq is controlled jointly by Cie Belge de Participations Paribas SA and a group headed by Cie Bruxelles Lambert.

● Ste Internationale d'Énergie Hydro-Electrique (SIDRO) has proposed a dividend of B.Frs.55 (same) for year ended June 30. Net profit was B.Frs.82.5m. (B.Frs.83m.), and net income B.Frs.82.47m. (82.93m.).

Ste Financière de Transports et d'Entreprises Industrielles (SOFINA) holds a majority ... in SIDRO.

● Société Vallourec reports sharply higher first-half net ... at Frs.13m. (Frs.7.17m.). ... were Frs.1,200m., up 19.9 per ...

The company, a major ... pipe maker, expects the lev... its activities to remain "sat...tory" in the second half.

● Hauts Fourneaux de la C... reports higher first-half net ... at Frs.5.95m. (3.66m.).

The steel company ex... results for all of 1973 to ... continued improvement, refle... favourable trends and the b...ning of production of new ...

Last year the company had earnings of Frs.14m. ... from Frs.23.5m. in 1971.

● "Clal," the Israel invest... company, recorded profits, ... tax, in the first six months of ... year of £2m. against £1.7m. ... the whole of 1972.

● Pechiney Ugine Kuhlmann ... visional first half parent com... net profit was Fr.13... (107.5m.).

● A. J. Chown Holdings had profit of $A1.4m. (1.1m.) for year to June 30 after tax prov... of $A1.1m. (944,000) and depr...tion of $A464,000.

The final dividend is 7 per c... making 14 per cent. (same).

Directors decided to mak... new one-for-four issue of ... Ordinary 50 cent shares a... premium of 25 cents, to pro... working capital.

● Swiss Reinsurance, of Zur... recommends payment for the ... ended June 30 of an unchan... dividend of Sw.Frs.90 per sh... on increased capital Sw.Frs.111m. (Sw.Frs.100m.). ... profits fell slightly to Sw.Frs.52... (Sw.Frs.53.4m.) Accident damage reinsurance busi... showed much better results ... the year and income on inv...ments rose, but there were lo... profits from life reinsurance.

Other News

EIB increases interest rates on Community borrowing

● The European Investment Bank (EIB) has raised its interest rates on development loans it makes in the European Community and its associated companies. It raised its rate for loans of up to nine years' duration to 8.125 per cent. from 7.35 per cent., and for loans of more than nine years' to 8.5 per cent. from 7.75 per cent.

The moves were in line with market conditions. The bank, an agency of the Community, lowered its rates twice in 1972 and held them steady until now.

● Standard Oil Co. of Indiana's 40m. unit of account issue will carry an 8 per cent. coupon, but the price will not be set until the 15-year issue is offered on October 5.

● Crédit Commercial de France said the planned Republic of Iceland Frs.70m. loan, which was expected to bear an 8¾ per cent. coupon, has been temporarily postponed due to continuing uncertainty on foreign exchange markets.

● The Citicorp International Bank has arranged a $25m. 9¼-year Eurodollar syndicated loan for the Office des Transports en Commun du Zaire, the state-owned transport company.

The loan will be used to finance the purchase of 500 Leyland single-deck city buses which were ordered in May 1973. The buses will be assembled at the Leyland-Inzal plant in Kinshasa.

● Jardine Matheson and Co., of Hong Kong, is buying a 50 per cent interest in Fiji Insurance Company.

Hunts Holdings, a Fiji ... company in which Jardine has ... per cent. interest, will also ... an as yet undetermined inter... in the insurance company.

Fiji Insurance is the o... wholly locally owned insura... company in Fiji.

Jardine has incorporated a ... subsidiary, Jardine Matheson a... Co., Fiji, the company repo... Other investment opportuni... are being sought, it added.

Dundee makes Eurobond issue

The City of Dundee plans ... offer $25m. bonds 1978/83 in th... Eurobond market.

The issue will be unde...written by an internation... banking syndicate managed b... William Brandts, White Weld, ... National and Grindlays an... Sumitomo White Weld. The... bonds will be issued at par an... will carry interest at 9¼ pe... cent. per annum. They will b... redeemed at par in instalment... in each of the years 1978 to 198... with a final instalment of $5m... in 1983.

The bonds are not bein... offered or sold in or to national... or residents of the U.S.

Application is being made for the bonds to be quoted on the London Stock Exchange.

FARMING AND RAW MATERIALS

Better wine but higher price trend

Robin Reeves

BRUSSELS, Sept. 25.

EUROPEAN Community producing more quality wines, paying a higher price for wine generally, according to Brussels Commission's annual report on the wine market published here to-day.

The report says that whereas "quality" wine plantings 1972-73 should result in a 2.4 per cent. rise in production, table wine output is likely to increase by only 0.6 per cent. The trend towards quality wines is particularly marked in Italy and France.

At the same time, the report says that the quality of some "quality wines" is so low that they are not sufficiently distinguishable from table wines. It suggests that national authorities should downgrade such borderline cases as a means of taking advantage of the support measures applied to the table wine market.

The Commission reports a marked rise in all Community wine prices since August last year, encouraged by the fact that very limited quantities of wine are available on the world market, and especially in the Mediterranean area.

Even so, it does not expect the trend to continue. It points out that on average EEC wine production is rising by 1 per cent. a year, while total domestic consumption is increasing by 0.6 per cent.

Record Soviet cotton crop predicted

LEONID BREZHNEV, the Soviet Communist Party general secretary, has predicted the Soviet cotton crop this year will reach 7.5m. tons for an all-time record.

In a broadcast on Moscow radio monitored into Tokyo, Mr. Brezhnev made the forecast in an address in Tashkent. The Soviet Union had a record cotton crop of 7.3m. tons last year.

Meanwhile, in the U.S. cotton prices on the New York futures market have reached historical highs with a supply squeeze on the October position forcing the price to 99 cents a pound at one stage. There is concern about a possible shortage of deliverable cotton for the October position, which expires on October 5. The certificate cotton stock was last reported at ... bales, while the open interest in October of 603 contracts means a potential delivery of 60,000 bales.

Need for EEC animal welfare policy agreed

BY ROBIN REEVES, COMMODITIES EDITOR

BRUSSELS, Sept. 25.

COMPLETE AGREEMENT between Britain, France and most other EEC members on the need for a Community animal welfare policy turned out to be one of the few items of progress to emerge from an exceptionally low-key Council of Agricultural Ministers which ended two days of discussions here to-day.

Otherwise the net results of what Mr. Joseph Godber, the Minister of Agriculture, described as an atmosphere of "sweetness and light" in the Council were the shelving of discussion on the future of the Community's sugar policy (despite Mr. Godber's efforts to breathe some life into the issue on Monday), and postponement of the deadline for establishing Community hill-farming aids beyond October 1.

Safeguards call

On animal welfare, Mr. Godber called for Community-wide safeguards on transport of live animals to the point of slaughter. While there was a Council of Europe convention on the international movement of live animals across national frontiers due to come into force on October 1, this did not go far enough, he said. Action was needed on a Community scale to prohibit re-export of animals originally exported for slaughter, provisions for proper feeding and shelter before slaughter, and adequate stunning.

Mr. Godber emphasised that the matter was of great concern to the British public. It had resulted in the ban on live sheep exports last February, on further live cattle export licences last July, and the setting up of a committee to look into the whole question. At the same time, the issue was tailor-made to be dealt with on an EEC basis.

His initiative was warmly welcomed by other members, including M. Jacques Chirac, the French Minister, who backed the setting-up of a special veterinary working group of the Commission and national experts to study the problem. For its own part the Commission said it hoped it could table proposals by Christmas.

On sugar, there was no further discussion in Council, but M. Chirac told reporters at the end of the meeting that there had been corridor discussions and the problem was "well on the way to being solved." He was sure that the EEC would find a way to help both Community beet-producers and cane-producers in developing countries.

The lapse of the October 1 deadline for a hill-farming policy became inevitable once it was learned that the drafting of proposals at a technical level within the Special Agricultural Committee was far from complete. But Mr. Godber took the opportunity to emphasise that his acceptance of the Luxembourg farm prices package last May was based on the assumption that the Community policy would cover Britain's existing hill areas.

M. Chirac was equally insistent that the hill-farming proposals must include special aid for dairy as well as beef producers. As the meeting drew to a close, Ministers' comments turned to the forthcoming review of the Common Agricultural Policy, but even this potentially contentious issue failed to produce any fireworks. M. Pierre Lardinois, the Commissioner responsible for Agriculture, confirmed that the Commission itself would begin its review this week, and at the end of discussions produce a document.

Future of CAP

M. Chirac said there was no real debate over the future of CAP. France was very open to its being amended and improved, but not to questioning CAP's fundamental principles. He thought it a good thing to take stock, but reform was a continuous process, not something to be decided on one particular day.

Asked about Mr. Lardinois's speech at the conference of European farmers in Interlaken, M. Chirac said that this showed he shared the French view that reform was basically about improving the CAP mechanisms. His only reservations were on Mr. Lardinois's suggestion that producers must share responsibility for the cost of surpluses.

Hope of lower feed costs

BY OUR COMMODITIES STAFF

AN EASING in prices for animal feeding stuffs for the first half of 1974, was predicted yesterday by the BOCM Silcock chairman, Mr. Ken Durham, presenting the company's annual poultry industry award for 1972 to Mr. John Eastwood, chairman and managing director of J. B. Eastwood.

Mr. Durham forecast that prices of protein should return to more recognisable levels, but never to those of early 1972. Grain, in his opinion, would merely ease but certainly not collapse to "pre-panic" price levels. Thus although values were expected to ease during the next few months, thereafter there would be a more predictable, but steady increase in commodity prices.

Mr. Durham said the effects of the price explosion in raw materials on his company had been quite dramatic.

The cereals index rose by 86 per cent. between September 1972 and 1973 while the protein index over the same period was up by 95 per cent. after earlier reaching a peak of over treble the 1972 figure. Mr. Durham thought the feed industry had performed pretty well containing raw material increases to about 60 per cent. and selling price increases to 36 per cent.

It seemed incredible to say selling prices had risen by only 36 per cent., but this in fact represented quite a significant achievement in the circumstances.

The Price Commission had played a part in containing the price rises, despite the publicity suggesting it was only too ready to grant all the increases. The Commission had been particularly severe by producing time lags in their system, costing his company in the order of £200,000 a week, which had to be absorbed by increased efficiency or lower margins.

Mr. Durham said that despite all these trials and tribulations the poultry industry had come through a stormy year in pretty good shape. Broiler meat at wholesale levels was now about 50 per cent. higher than a year ago, turkey 20 per cent. up, and egg packer to producers two and a-half times above last year's ridiculously low figure. Indeed it appeared the profitability of the industry had improved significantly in spite of the high feed prices.

With feed prices likely to stabilise and the current levels of poultry meat probably capable of being maintained—although he was not so sure about eggs—Mr. Durham said the medium term prospects for profitability look hopeful. But the broiler industry was notoriously cyclical and a new threat was that fresh foods were now to be monitored by the Price Commission.

Coffee at new peak

By John Edwards

COFFEE PRICES reached new peaks on the London robusta terminal market yesterday with gains of between £6 to £13 a ton in active trading of 1,169 lots of five tons each. The November position closed at £465.5 a ton, £11 up on the previous close.

Speculative buying, and an unexpected squeeze on immediately available supplies, are behind the upsurge. Speculation, on a scale not seen previously in the coffee market, has been attracted by the fact that so far coffee prices have not shown anything like the increases recorded in the cocoa and sugar prices.

It is claimed that the options market in coffee in London has recently been the most active and that now more direct buying has taken place as a result of the breakdown on the International Coffee Agreement and the avowed intention of the producing countries to hold off supplies to force higher price levels.

At the same time an unexpected technical market squeeze on supplies has forced up the nearby prices to more equitable levels with the forward months. In the background too there is uncertainty about what will happen when the existing "special deals" made by Brazil with leading consumers expire shortly, and about the impact of the higher EEC duties on coffee imports into the U.K. starting from next January.

The new arabica futures market has got off to a good start with some healthy turnovers each day. But much of the activity is generated from a few sources and it is felt the market will have to prove it is a viable, long-term prospect, before the Continental support—essential for its future—is forthcoming.

Cutback in U.S. copper shipments

A SPOKESMAN for Newmont Mining Corp's Magma copper subsidiary said at San Manuel, Arizona, yesterday, the company had declared a 10 per cent. force-majeure on its October copper shipments.

The spokesman said the force-majeure was the result of the same mechanical problems in the company's plant here that caused a 15 per cent. cut-back in August and September shipments.

The cutback in August and September shipments stemmed from operational difficulties in breaking in a fifth converter and some brick wall work.

Reuter.

Battle against citrus fruit labelling rule

BY PETER BULLEN

THE WHOLE of the British fruit and vegetable trade from the producing countries to the retailers have started a campaign against an EEC regulation that they claim discriminates unfairly and illogically against citrus fruit.

The regulation, accepted by Britain as part of the package deal when U.K. membership of the EEC was agreed, stipulates that citrus fruit treated with preservatives must have the fact clearly marked on retail pre-packs, on displays of loose fruit in the shops and on containers and invoices used by the trade.

The citrus producers' organisations, wholesalers and retailers say that the effect of such a regulation would be to add to the cost of the fruit, and above all the labels would act as a deterrent to sales when read by consumers.

The Retail Fruit Trade Federation has told the Ministry of Agriculture in no uncertain terms that the proposals are unfair and unnecessary, particularly as other fruits are not affected by the regulations—offences against which carry maximum penalties of £100 fines, three months' imprisonment, or both.

One of the preservatives used on citrus, ortho-phenylphenol, has been permitted for many years for use on apples, pears, pineapples, melons and peaches and yet there is no intention to require that these fruits should be labelled although the skins of many of them are eaten which does not happen with citrus fruits say the retailers.

Wholesalers have also attacked the proposal by the Ministry of Agriculture to bring the regulation into force in the U.K on July 1 next year. The National Federation of Fruit and Potato Trades has raised the issue with the European Union of Fruit and Vegetable Distributors, the representative body of Wholesalers throughout the EEC. With Holland against the regulation and France and Belgium not particularly concerned about enforcing it, the U.K. organisation had little difficulty in persuading the European body to agree to oppose the regulation as a matter of policy earlier this month.

A joint committee of retailers, wholesalers and the producing countries' representatives was formed to fight the regulation and has already met the Ministry of Agriculture to put its case. Mr Florian Brann, chief overseas executive of the Outspan organisation and spokesman for the committee, said yesterday that they would start a tour of Government Departments in all the other eight countries of the EEC next week to continue the fight. Later next month they would meet the U.K. Ministry again to re-submit their case.

He described the regulation as entirely discriminatory and entirely stupid. It had been adopted as EEC policy to suit Italian citrus growers in 1963 and had in effect put citrus preservatives into the same category as food additives.

The Ministry's draft regulation governing the labelling of citrus fruit and bananas (although bananas are unlikely to be included in the final regulation as this is not necessary under the relevant EEC directive) would cause added expense which would ultimately have to fall upon consumers, the joint committee told the Ministry.

Marking citrus fruit with the words "Treated with preservative" or preserved with sodium orthophenylphenate, biphenyl, orthophenylphenol or thiabendazole—the main substances used to inhibit the growth of moulds while the fruit was in store or in transit—could even alarm consumers, whose purchases of the fruit could drop.

'The thin end'

As the retailers have pointed out, the introduction of the labelling requirement to citrus fruit, sales of which are worth about £100m. a year in retail terms, could be the thin end of the wedge. Logically it could lead to the application of similar requirements to other fresh fruit, notably apples.

"In this event, the public image of 'freshness' would be further damaged, and a cruel blow struck at the horticultural industry in general and our own top fruit industry in particular," they told the Ministry.

Home budget food share 'falls'

BY ELSBETH GANGUIN

LAST YEAR families spent proportionately less on food than in previous years, according to the Department of Employment's Family Expenditure Survey of 1972, published yesterday. Expenditure on food increased by 70p to £8.72 a week, but the proportion it represented of total expenditure, at 24.9 per cent., was 1 per cent. below the 1971 level.

Overall, net household incomes rose by 13 per cent., and so did the households' expenditure on goods and services. Average household income, after income-tax and insurance contributions, increased by 4.13 per cent. to £36.27 a week, while average expenditure went up by £4.07 to £35.06.

Over 7,000 households took part in the survey, representing 20,472 people, over half of them females. The average number of people per household was just under three, and almost 48 per cent. of the total number of people were employees or self-employed. Of the total household income of £42.85 (before income tax and insurance) the head of the household contributed on average £31.91.

If the families spent proportionately less on food last year, they spent more on durable household goods (up by 0.9 per cent. to 74 per cent.), and on transport and vehicles (up 0.5 per cent. to 14.2 per cent. of total expenditure). But the amount spent on tobacco continued to fall—it was down 0.3 per cent. to 3.9 per cent.

Average weekly expenditure on housing came to £4.42; on fuel, light and power it was £2.06. Households spent £1.65 on alcoholic drink, and £1.39 on tobacco, £3.14 on clothing and footwear, £2.60 on durable household goods, £4.97 on transport and vehicles, and £3.45 on services.

More households had a car, or even two (up 2 per cent. to 53 per cent.), and the same applied to central heating and refrigerators (both up 5 per cent. to 37 per cent. in the case of central heating, and to 74 per cent. in the case of refrigerators) as well as telephones (up 4 per cent. to 42 per cent. of households). And 93 per cent. of households now have television sets, while over 65 per cent. have washing machines.

But only 19 per cent. or so of all households owned their homes outright—another 28.5 per cent. were buying them through mortgages or loans.

Family Expenditure Survey for 1972. SO, £2.40.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Turned lower on the London Metal Exchange. The day's pattern was the overnight U.S. market which ... owing to stop-loss selling ... with Monday's late Kerb level forward metal opened here at ... [illegible]

... declared a 10 per cent. force majeure although the period it covered was unknown. In the afternoon, the U.S. market opened sharply lower again, reflecting expectations of details soon concerning the Bill to allow resumption of sales from the U.S. stockpile, and forward metal ended here at £779 on the afternoon Kerb. Turnover, 10,500 metric tons.

[illegible]

TIN—Held relatively steady, reflecting the tightness of the nearby supply situation which prompted heavy borrowing of metal during the afternoon, which swelled the turnover to 1,005 tons. A further 135 tons of metal was sold from the U.S. stockpile overnight at 232.75 cents per pound.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	2135-40	+5	2135-40	—5
3 months	2105-6	+4.5	2105-6	—2
S'ment	2140	+5	—	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LEAD—Moderate buying ... [illegible]

ZINC—[illegible]

SILVER—[illegible]

COCOA

[illegible]

COFFEE

[illegible]

RUBBER

[illegible]

FREIGHTS

[illegible]

GRAINS

(GAFTA)—Wheat, firm. Close: Nov. 60.70, ... [illegible]

HGCA—Location average ex-farm spot ... [illegible]

EEC COMMISSION—[illegible]

SUGAR

LONDON DAILY PRICE—[illegible]

WOOL FUTURES

[illegible]

JUTE

[illegible]

MEAT/VEGETABLES

SMITHFIELD (pence per pound)—Beef: Scotch killed sides 27.0 to 30.0. English hindquarters—heavy 33.5 to 34.0. English forequarters—heavy 22.0 to 22.5. Ulster hindquarters 22.5 to 23.0. Ulster forequarters 21.0 to 25.0. Eire hindquarters 22.0 to 34.5. Eire forequarters 21.0 to ... [illegible]

COVENT GARDEN—[illegible]

LONDON TEA SALES—[illegible]

HIDES—[illegible]

COPRA—[illegible]

GRIMSBY FISH—[illegible]

LIVERPOOL COTTON—[illegible]

PRICE CHANGES

Prices per ton unless otherwise stated

[illegible]

INDICES

FINANCIAL TIMES

[illegible]

REUTER'S

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

U.S. Markets

NEW YORK, Sept. 25.

A PROFIT-TAKING recommendation from a leading Commission house triggered stop-loss selling in cocoa. Carryover selling left copper weak until towards close when local short-covering ... [illegible]

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Dow up 3.8 after profit-taking

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Sept. 25.

THE MARKET shrugged off mid-day profit-taking on Wall Street to-day, to score its fifth consecutive advance in heavy trading.

At the close, the Dow Jones Industrial Index was up 3.84 at 940.55 (down 3.54 earlier). Advancing issues outnumbered declines by about 950 to 370. Volume totalled 21.53m. shares compared with 19.49m. on Monday. The Standpoors Industrial Index was up 0.78 at 121.30.

Reason for the current optimism appears to reflect growing speculation that interest rates were near a peak, and new talk that the worst of inflation has passed.

A member of President Nixon's Council of Economic Advisers, Mr. Gary Seevers, predicted that inflation rates will subside substantially from the recent record increases in prices.

He told the House-Senate Economic Sub-Committee in Washington that "as the rate of expansion slows, one major source of inflation in 1973—commodity prices—should ease substantially."

American Motors, the day's volume leader, finished unchanged at $9 on over 320,000 shares. The car maker reported a 21 per cent. gain in mid-September car sales.

Ford, strongest of the automotive stocks, rose $1½ to $60½ despite lower car sales during the second third of the month. General Motors and Chrysler added fractions.

Sun Oil Preferred, one of the largest gainers on the most active list, rose $1½ to $43. Sun Oil Common was less active, up $2¼ to $51½.

IBM, another outstanding share, added $8 to $259½, reversing a recent weak trend.

Monsanto picked up $1½ to $60 and Apache Corp. $4 to $17. On Monday, an Apache affiliate announced completion of a gas well with a flow of 9m. cubic feet a day.

American Telephone, also among volume leaders, climbed $¼ to $50½.

On the American Stock Exchange, prices advanced in moderately active trading. The Amex Index rose 1.04 to 104.65, while advances outscored declines 458 to 405. Turnover amounted to 3.73m. shares, up from 3.39m. on Monday.

Major changes were Trans-Canada Pipelines, up $2¼ at $33¼, Imperial Oil up $2¼ at $45½, Falconbridge Nickel up $1¼ at $77, and Canadian Superior Oil up $1 at $55.

The Montreal Industrial Index was up 3.75 at 253.07.

PARIS—Well disposed in moderate activity with the recovery of the franc on foreign exchange markets having more impact than the rise in domestic money market rates to 11¾ per cent., dealers said.

Banks, Portfolios, Constructions and Engineerings all gained. Electricals followed the same trend, while Foods were particularly strong. Rubbers and Automobiles were resistant while Metals and Chemicals gained, with Oils irregular.

Golds, Coppers and Dutch stocks declined slightly in Internationals with American and German stocks steady while Canadians and International Oils gained.

BRUSSELS—Mixed, with a slight majority of gains. Asturienne gained in Minings and Cockerill firmed in Steels. Interbrabant was easier in Electricals. In Holdings, Katanga gained but Cometra eased. Petrofina moved sharply higher American and Canadian Petrofina firmed.

Foreign stocks tended easier. Golds fell, as did Brascan, De Beers, RTZ, Zamanglo, Tanks, Philips, Hoogovens and Boeing. Pechiney and Exxon gained.

AMSTERDAM—Generally lower. Hoogovens was unchanged in otherwise weaker Dutch Internationals.

Plantations were narrowly mixed, while Shippings were easier with Nederlandse Scheepvaartunie markedly lower. Middenstandsbank continued firmer in weaker Banks. Insurances were mixed and Investment Funds lower. Dutch Locals were mixed. State Loans lost ground.

FRANKFURT—Firmer.

Shares recovered generally with demand increasing when the expected easing of the dollar in currency markets following the record August German trade surplus did not occur.

Chemical and Electricals closed at their day's highs. Steels rose as did Motors and Banks.

On the bond market public issues closed generally easier. Mark foreign loans firmed.

SWITZERLAND—Swiss and U.S. issues closed higher in fairly active trading. One analyst cited the Wall Street rally and first signs of declining interest rates in the U.S.

In the Swiss sector, gains exceeded losses 41 to 21. Most Banks, Insurances and Industrials advanced, financials closed mixed.

Alusuisse Bearer gained on expectations that aluminium prices will continue to rise. Demand was high for Brown Boveri, which advanced on announcement of favourable first-half results by the company's West German subsidiary.

Prices of most U.S. stocks rose.

VIENNA—Easier in subdued trading.

MILAN—Mixed to lower in fairly active trading.

In leading Industrials, Fiat, Montedison, Snia Viscosa, both Olivetti and both Pirelli fell, while Anic gained.

In Financials, Bastogi and La Centrale eased, while IFI Preference gained. Generale Immobiliare fell in Properties, as did Mediobanca in Banks and Assicurazioni Generali in Insurances.

Bonds were slightly lower.

COPENHAGEN — Mixed in moderate dealings.

STOCKHOLM—Closed.

OSLO—Banks barely steady, Insurances quiet, Industrials irregular. Shipping well maintained.

TOKYO—Advanced throughout the day.

Honda gained with dealers noting reports that Honda will supply Isuzu Motors with its patent rights and know-how on the low-pollution CVCC (compound vortex controlled combustion) engine. Isuzu closed higher.

Large-capital stocks advanced on buying by institutional investors attracted by low levels.

AUSTRALIA — Eased slightly across the Board on listless trading. Some Minings gained marginally.

BHP closed up 0.02 after rising 4 cents during the day, while National Bank picked up at $2.68.

Amatil rose to $2.48 and Bank of NSW gained to $6.70. EZ Industries gained 7 cents to $3.52. CSR shed 6 cents to $4.03, and Myers 3 cents to $2.56.

Peko-Wallsend added 3 cents to $2.25, as did WMC and MIM Holdings to $1.47 and $2.27. Bougainville fell 1 cent to $2.35.

Oils were lightly traded and Woodside Burmah continued its climb.

JOHANNESBURG — Easier on London and institutional selling, dealers said, and little buying interest was noted.

Golds recorded losses in Durban Deep, all down 30 cents were Randfontein and Freguls.

Platinums were easier. Mining Financials lost ground in sympathy with Golds. Industrials weakened in quiet trading.

OTHER MARKETS

Canada higher

Canadian stock markets closed sharply higher yesterday, after a day of moderate to active trading.

Golds, however, went against the trend, and declined 1.38 to 267.29.

The Toronto industrial index rose 2.09 to 222.30, Base Metals 1.50 to 105.86 and Western Oils 1.88 to 242.30. Volume was 3,220,000.

Indices

MELBOURNE YIELDS

Av'ge yield on 33 Leading Stocks	Sept. 20	Sept. 13	Sept. 6
On Dividends	5.28	5.22	4.90
On Earnings	8.82	8.87	8.16

Pound and $ weaker

Sterling and the U.S. dollar fell slightly against major currencies in general yesterday—with the trade-weighted average depreciation in sterling since the Washington Currency Agreement of December, 1971, widening to 19.52 per cent., from the previous 19.42 per cent., while sterling closed without net change against the U.S. dollar at $2.4220-2.4230. Conditions were fairly quiet, with the news of the latest German overseas trade surplus causing some demand for the German currency, which, however, gained only 45 points on balance against the dollar, at DM2.4115, in London. Short-term Euro-mark rates swung back to levels of zero to a certain amount over, from the appreciable negative levels seen lately. There was again a strong demand for Euro-French francs, day-to-day deposits of which commanded some 20 per cent. to 50 per cent., while the one-month rate ended at about 16-20 per cent., the three-month at 12-15 per cent., and the six-month at 11-13 per cent. The 3-month French franc weakened from Tuesday's 3c premium-2c discount against the pound to a level tending more strongly below par, at 3c pm.-6c dis. Discounts on forward sterling against the dollar widened modestly.

Dutch guilders gained 125 points against the dollar in London to Fls.2.3275, Belgian convertible francs 7c to Frs.36.55½, and Belgian financial francs 30c to Frs.36.85 (establishing a clear premium over the convertible).

Gold fell 25c an ounce on the day in London to $101.25-102.25, in moderate business. The metal opened at $101.25-102.25, and was fixed in the morning at $101.85 (£42.071)—while although a level of $101.50-102.50 was touched after the first fixing, the afternoon fixing was at $101.75 (£41.997). New sovereigns ended at $30-31, and old at $36-37, while double Eagles were at $172½-175, single at $85-87, and half at $55½-58½, with 20-mark pieces at $44-46.

FOREIGN EXCHANGES

Sept. 25 1973	Bank Rate %	Market Rates: Day's Spread	Market Rates: Close
New York	7½	2.4200-.4240	2.4220-.4230
Montreal	6¾	2.4275-.4425	2.4400-.4410
Amst'dam	6½	6. 1-.14	6.11-.12
†Brussels	8½	88.20-89.00	88.6-.90
Copen'gen	9	14.85-.95	13.86-.88
Frank'rt.	7	5.83-.87	5.84-85
Lisbon	Δ5¾	56.00-57.00	56.25-56.75
Madrid	††8	137.00-138.00	137.55-.75
◆Milan	6½	1,385-1,570	1,566-1,5[illegible]
Oslo	4½	13.24-.43	13.24½-25½
‡Paris	11	10.15-.22	10.17-.18
Stockh'lm	5	10.15-.17	10.15-.5
Tokyo	7	635-645	640-[illegible]
Vienna	5½	42.80-45.60	45.10-.40
Zurich	4½	7.26-.30	7.28-.29

†† Basic discounts. Δ Bank of Portugal discount rate. † Rates given are for convertible franc: closing financial franc 88.85-89.15. ‡ Rates given are for commercial franc: closing financial franc 10.53½-10.56½. ◆ Rate given is commercial, closing financial rate 1.416-1.424.

OTHER MARKET RATES

Argentina	[illegible]	? Note Rates	
Australia	1.6194-1.6344	Argentina	56-65
Brazil	14.70-14.90	Austria	42½-44½
Finland	8.95-8.96	Belgium	86½-88½
Greece	71.43-73.51	Brazil	18-20
H'ng K'ng	12.35-12.45	Canada	2.44-2.46
Luxemb'g	88.63-88.93	France	10.45-10.[illegible]
Malaysia	5.5775-5.6275	Germany	5.80-6.00
N.Zealand	1.6262-1.6452	Greece	70-75
Singapore	5.6625-5.7150	Italy	1,490-1,5[illegible]
S.Africa	1.6168-1.6350	Japan	640-662
U.S.		N'th'l'nds	6.00-6.2[illegible]

EXCHANGE CROSS-RATES

Sept. 25	Frankfurt	New York*	Paris	Brussels	London	Amsterdam	Zurich
Frankfurt	—	2.411-412	57.36-43	6.60-61	5.84-85	36.35-55	80.05-20
N. York*	41.64-67	—	23.80-85		2.423-424	39.57-61	33.24-22
Paris (c)	173.6-174.1	4.193-202	—	11.48-50	10.175-185	165.7-166.0	139.45-90
Brussels	16.12-16	36.56-61	8.70-74	—	88.50-56	14.43-47	12.15-18
London	5.24-85	2.422-423	10.17-18	88.60-90	—	6.11-12	7.28-29
Amst'dm	104.76-81	2.331-335	60.32-27	6.93-94	8.125-130		84.175-225
Zurich	124.67-91	3.008-011	71.58-75	8.20-22	7.289-299	118.9-119.1	—

U.S. $ in Montreal 1.0074-78. Canadian $ in New York 99.18-22. U.S. $ in Milan 564.75 Sterling in Milan 1367.60 (c) Commercial. *Unavailable.

EURO-CURRENCY INTEREST RATES ◊

Sept. 25 1973	Sterling	U.S. Dollar	Canadian dollar	Dutch guilders	W. German mark	Swiss franc
†Short-term	11¾-12¼	9⅞-10⅜	6½-6¾	9¼-9¾	0-2	6-6½
7 day's notice	—	10½-11	6¾-7	9¼-9¾	0-2	6-6½
Month	15¼-15¾	10[illegible]-10[illegible]	7¾-8	10⅛-10⅞	4-4¼	5¾-6
Three months	16-16½	10[illegible]-10[illegible]	8¾-9	10⅝-10⅝	6¼-6½	5¾-6
Six months	14¼-14¾	10[illegible]-10[illegible]	8⅝-8⅞	9⅝-10½	7-7¼	6½-6¾
One year	13½-14	9[illegible]-10[illegible]	8⅞-9⅛	8⅞-9⅝	7⅛-7⅜	6½-6¾

Long-term certificate rates as follows: two years 9¼-9¾ per cent.; three years 9¼-9¾ per cent.; four years 9¼-9¾ per cent.; and five years 9¼-9¾ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one month 10 9/16-10 7/16 per cent.; three months 10⅝-10 7/16 per cent.; six months 10½-10 7/16 per cent.; one year 10 3/16-10 per cent.

◆ Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars are two days' notice for guilders, marks and Swiss francs.

FORWARD RATES

	One month	Three months
Amst'dam	2¾-1¾ c. pm	8¼-7¼ c. pm
Brussels	170-140 c. pm	295-255 c. pm
Copenh'n	2 ore pm-3 dis	5 ore pm-3 dis
Frankfurt	5¼-4¾ pf pm	13-12 pf pm
Lisbon	75 c. pm-par	220-20 c. pm
Milan	Par-8 lire dis	4-13 lire dis
Oslo	8-5 ore pm	23-20 ore pm
Paris	1-9 c dis	3 c pm-6 c dis
Stockh'lm	8½-6½ ore pm	21-19 ore pm
Vienna	30-10 gro pm	140-60 gro pm
Zurich	5¼-4¼ c. pm	17-16 c. pm

Six-month forward dollar 4.90-4.[illegible] c.pm., and 12-month 9.15-9.05 c.pm.

● General Electrica Espanola has it will suffer an extraordinary loss of about $8m. in the third quarter from the sale of the majority of its Uinta oil field assets in Utah.

But, the company said, the loss may be offset by year-end by the proceeds of a contemplated exchange offer for its 5 per cent. convertible subordinated debentures due 1997.

The company said it intends to sell the Uinta Basin interest for about $7m. in cash, a commitment by the buyer to conduct additional drilling in the field and a right for McCulloch to recover 50 per cent. of any net operating income from 13 existing wells, and any future producing well after the buyer has recovered its investment plus a negotiated profit.

● Firestone Tire and Rubber will pay a quarterly dividend of 25 cents on common stock.

● McCulloch Oil Corporation said sold to Westinghouse its participation in the Bilbao-based Fabrelec household appliances manufacturing company. Westinghouse now holds 66.4 per cent. control of Fabrelec. Iberduero (electric power company) holds 20 per cent. and the rest of equity owned by diverse shareholders. Fabrelec which reported a sales figure of Pts3,010m. (about £21m) last year is a new company that resulted from the merger of the Frimotor and Edesa household appliances companies.

OVERSEAS SHARE INFORMATION

NEW YORK — CANADA — GERMANY ◆ — AMSTERDAM — BRUSSELS — PARIS — MILAN — STOCKHOLM — SWITZERLAND ◆ — AUSTRALIA — OSLO ◆ — SPAIN ▼ — JOHANNESBURG — TOKYO ¶ — COPENHAGEN — VIENNA

STOCK EXCHANGE REPORT

Market tone improves under lead of firm gilt-edged

Index gains 2.9 at 425.2—Banks meet with late demand

ACCOUNT DEALING DATES

Option First Dealings	Declarations	Last Dealings	Account Day
Sept. 17	Sept. 27	Sept. 28	Oct. 9
Oct. 1	Oct. 11	Oct. 12	Oct. 23
Oct. 15	Oct. 25	Oct. 26	Nov. 6

"New time" dealings may take place from 9.30 a.m. three business days earlier.

Hopes that interest rates may have peaked out and that the next move will be to lower levels brought an encouraging demand for Gilts yesterday. This optimism seeped through to leading issues in the equity market, although the trading volume remained small. Hopes that world interest rates may be on the downtrend were based on the fall in U.S. Treasury bill rates over the past week and indications that the Federal Reserve Bank may have decided on a more moderate monetary policy. This mirrors sentiment which has helped the recent good rally on Wall Street. However, London buyers were still behaving cautiously yesterday.

Gains in Gilt-edged ranged to ¾ at the longer end of the market and the 20-year Government Stocks index rose from 61.55 to 61.93 and is now 1.68 per cent. up from its all-time "low" of 60.90 touched just two weeks ago.

Leading equities were a shade easier in the first half-hour of dealing, but rallied with gilts from 11 a.m. onwards and closed on a firm note. The F.T. 30-share index recorded a rise of 1.4 at 3 p.m. to close with an overall gain of 2.9 at 425.2. Banks were good in after-office trading on reports of further encouraging noises on interest rates from the U.S. Markings were a little higher at 6,514 compared with 6,090 on Monday while the ratio of rises to falls in F.T.-quoted industrials was similar to the previous day's.

Gilts stand out

Hopes that interest rates both here and in the U.S. had peaked following the overnight sharp fall in U.S. Treasury bill rates stimulated renewed inquiry for gilt-edged. Trade in short-dated securities was brisk at times, but partly as some sellers were probably seeking finance for Friday's debut of the new short "tap," Treasury 10½ per cent., 1976. Final gains still ranged to ¾ as in Treasury 9 per cent., 1978, at 92⅞, while rises in medium and longs approached ½ in places. Closing quotations throughout were close to the day's highest. Corporations made improvements extending to ½ and Southern Rhodesian 2½ per cent., 1965-70, were raised 2 to 32 on sporadic inquiries.

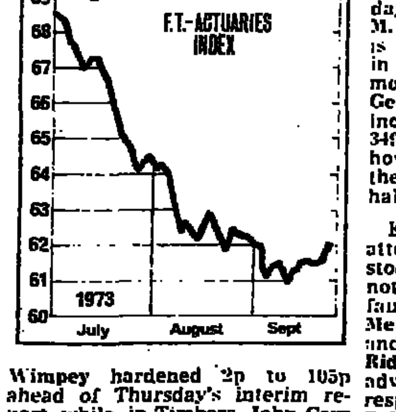
Institutional buying of investment currency was again prevalent, but it was initially well satisfied. In the later trading, however, dollars became scarcer and in thin dealings the premium moved up to 34½ per cent. for a fresh rise of one point. Yesterday's USE conversion factor was 0.8023 (0.8073).

BG Securities receded another 5p to 125p in Recent Equities, but Wearwell continued to meet support and improved 3p to 64p.

Banks rise late

Fresh small buying in a thin market, most of it coming "after-hours," helped the "big-four" Banks to close with improvements of up to 13p yesterday. National Westminster were that much better at 345p while Barclays closed 10p up at 342p and Midland and Lloyds were both 7p dearer at 344p and 272p respectively. Commercial Bank of Australia firmed a further 5p to 233p in response to the results. Discounts reflected the better trend in gilt-edged and were firmer throughout the list. Gerrard and National rose 15p to 273p while Alexanders put on 10p to 210p. In mixed Merchant Banks, Minster Assets firmed 2p to 80p but London and County Securities shed 5p to 173p. First National Finance, 3p better at 78p, benefited from the good interim results and the agreement with British Rail to provide banking facilities on main line stations. In firm Insurances, Legal and General hardened 2p to 160p in front of to-day's interim results while Britannic attracted buyers and rose 8p to 193p.

Trading statements again accounted for most of the movements in Buildings. John Laing "A" responded to the increased interim dividend and profits by rising 3p to 154p and Tilbury Contracting improved 4p to 360p on the half-yearly statement. Ready-Mixed Concrete rallied 1½p to 139½p after the previous day's reaction of 11p on disappointment with the interim figures. Man-Abell came back 2½p more to 170p which is in line with the agreed offer from Thomas Tilling. Geo. Wimpey hardened 2p to 105p ahead of Thursday's interim report, while, in Timbers, John Carr firmed 4p to 80p and William Mallinson 1½p to 52p; F. J. Reeves, a recent favourite on bid hopes, reacted 4p to 94p.



Favourable Press comment on the half-yearly results prompted buying of Fisons which closed 19p to the good at 353p. Elsewhere in Chemicals, ICI ended a shade better at 242p, while Laporte, in front of Friday's interim statement, improved 2p to 104p.

A good market recently on take-over hopes, Stylo met profit-taking and closed 7½p off at 82p, after 81p. Elsewhere in Shoes, Stead and Simpson "A," saw renewed speculative interest after Monday's 7p reaction and improved 4p to 138p.

Store leaders remained quiet, but tended to pick up from an easier start. "Gussies" "A" ended 3p better at 233p, after 228p, while British Home Stores closed 5p firmer at 255p and House of Fraser 3p up at 114p. Burton "A," however, lost 4p to 170p after recent firmness. Elsewhere, Martin the Newsagent put on 7p to 137p in a thin market.

Activity remained at a low level in leading Electricals, which closed little altered. GEC managed to improve 2p to 149p with the aid of further favourable Press comment. Following Monday's rise on the earnings forecast, Philips' Lamp were quoted ex scrip issue at 815p, down 15p. Elsewhere, Petbow Holdings rose 6p to 90p in anticipation of Friday's interim results, while G. and M. Power, whose interim report is due shortly, gained 6p at 136p in a thin market. Louis Newmark moved up 10p to 220p, while George H. Scholes, on the increased profits, added 4p at 349p. Rotaflex (Great Britain), however, shed 2p to a "low" for the year of 62p following the half-time statement.

Engineerings began to attract attention, particularly second-line stocks, and closed on a very firm note. All around 3½p higher after fairly busy trading were Delta Metal, 95½p, Eva Industries, 80p, and Fairey, 69p, while Record Ridgway and Francis Industries advanced 3p to 58p and 55p respectively. Ransome Hoffmann Pollard recovered 2p to 47p and Spencer Gears were similarly better at 30½p. On hopes of an assets injection following the bid of 27p a share, George Whitehouse rose 2½p more to 29½p. Leading issues gained 4p including Hawker Siddeley, 350p, John Brown, 152p, and Metal Box, 247p. On the other hand, Simon slipped 2p further to 117p, still on the interim results. Shipbuildings retained a firm trend. Yarrow, 110p, and Swan Hunter, 175p, both rising 4p, while Harland and Wolff advanced 2½p more to 44p.

Among narrowly mixed Foods, Brooke Bond "B," which has substantial tea plantation interests, eased 1p to 32p on a TV programme highlighting the poor wages paid to tea pickers. Further speculative interest in a thin market raised Hickmet Palace Hotel to 120p before a close of 115p, a net 8p higher, while M. F. North added 5p at 43p and Mount Charlotte 1½p to 21p. Trust Houses Forte put on 3p to 187p ahead of Friday's interim results. De Vere Hotels, however, relinquished 4p at 190p aftr the recent speculative advance.

Business Comp. react

Late support left Glaxo 8p to the good at 336p. Elsewhere in the miscellaneous Industrial leaders, buyers were still about for Bowater after the interim report, while Rhodesian settlement hopes following recent reports of meetings between Mr. Smith and African leaders prompted firmness in Turner and Newall, up 4p at 183p. In contrast, disappointment with the half-yearly performance caused weakness in Business Computers which reacted 7p to 33p. Channel Tunnel came on offer and, in a thin market, fell 11p to 177p, but trading statements helped Foseco Minsep, 6p higher at 148p, Bensons International, 4p up at 116p, and Associated Leisure, 1p better at 45½p. Shipping Industrial Holdings improved afresh to 463p on continued bid talk before reacting to close 2p lower on balance at 458p. Demand was seen for LRC International which put on 4½p to 77½p, but Dundee Perth eased 2p to 94p awaiting further news of the bid approach. Broken Hill Proprietary rallied 10p more to 550p, but Jardine Matheson, at 735p, gave up 31p of the previous day's gain of 61p.

Fodens met fresh demand in Commercial Vehicles and closed 4p higher at 86p. Supra Chemicals featured Motor Components with an advance of 14p to 182p in a thin market in response to the proposed scrip issue and share sub-division. Dunlop gained 2½p at 83p and Cornercraft 1½p at 57½p. Among Garages and Distributors, Harold Perry Motors closed 1p off at 79p after the half-time report, but Appleyard Group, in a small market, hardened 3p to 72p.

Comment about the newsprint shortage had a detrimental effect on Beaverbrook "A," which fell 6p to 95p, but not on other Newspapers. United featured late following the excellent first-half results and closed 7p higher at 355p. Paper/Printings were a shade harder in places: Watmoughs gained 4p to 93p in response to the interim figures and proposed scrip issue.

The Property leaders were inclined easier, but second-line stocks continued to claim a fair amount of attention. Montague Burton featured with a rise of 7p at 81p following the announcement of two acquisitions involving properties worth £18.6m. Further demand was seen for Law Land, up 4p more at 161p, while similar improvements were marked against Beaumont, 112p, Berkeley, 266p, Cornwall, 108p, and Land and General "A", 58p. Chown stood out with a rise of 9p to 224p, while Town and Commercial improved 3p to 129p in response to the half-yearly results and Raglan Property rose 2½p to 35½p after Press mention.

A steady undertone was again evident in Oils, but there was little business or any significant change in prices. Shell, 275p, and Burmah, 415p, both ended the turn higher, while Royal Dutch improved ¼ further to £20¼. Among overseas issues, Woodside-Burmah edged up 3p to 107p, but Pan Oceanic fell 20p to 930p.

Grendon Trust good

Still encouraged by the 35 per cent. stake taken in the company last week by Eastminster, speculators took Grendon Trust up 16p more to 293p, after 294p, in active trading. Elsewhere in Financials, Ashbourne Investments firmed 1½p to 50p on news of the Crest International 10 per cent. stake while improvements of 3p and 5p respectively were secured by London and European Securities, 93p, and Maidenhead Investments, 77p. Abercom Investments, however, lost 15p to 250p. In Trusts, Cannon Street Investments closed unaltered at 70½p; the price in yesterday's issue was incorrect.

Shippings made another firm showing, although the volume of trade was smaller than of late. Ocean Transport were particularly popular and closed 5½p higher at 163p while Alexander put on 10p to 230p following the interim results. P & O Deferred, on the other hand, were subjected to profit-taking after the recent strong advance and shaded 2p to 338p.

In quietly firm Textiles, Courtaulds hardened 2p to 135p while Scott Robertson put on 3p to 48p. "Snia-Viscosa" became prominent with a jump of 35p to 220p. Tootal at 42½p, encountered profit-taking and lost 2p of the previous day's 2½p rise which followed the interim results.

South Africans were inclined to lose ground, South African Distilleries and Wines losing 15p at 270p and Tiger Oats 10p at 380p.

A television broadcast which drew attention to the low wages paid to tea plantation workers upset sentiment in Teas yesterday and caused precautionary marking down by jobbers. A few small selling orders left falls extending to 5p. Consolidated Tea and Lands ended that much cheaper at 170p. McLeod Russel closed unaltered at 102p after the results. Quiet trading prevailed in Rubbers where prices were inclined harder. Guthrie put on 5p to 388p and Chersonese 3p to 80p.

Golds retreat

Gold shares turned easier across a broad front in quiet trading. A further, albeit small, reaction in the free market metal price prompted modest local offerings which found the market devoid of buying interest.

The possible merger candidates Elsburg (163p) and Western Areas (210p) were 9p and 7p lower respectively. President Steyn were 30p down at 970p and Stilfontein gave up 12p at 230p.

Scattered local and Cape offerings were reported in Platinums and Potgietersrust ended with a 5p fall at 192p. In front of the increased profits and interim dividend Union Corporation were 2p easier at 300p.

Other Financials generally followed the lead of Golds and Platinums although losses were limited to a few pence only. Lonrho, however, rose 5p to 85p after 86p following Press comment.

Australian issues responded to the higher investment currency premium and marginal improvement in home markets overnight. Following their respectively increased full year profits EZ Industries rose 13p to 267p while Broken Hill South put on 10p at 142p.

Copper shares gave ground in line with the metal price, Cape selling lowering Botswana RST 20p to 200p while a combination of local and Cape offerings took 3p from ZCI at 44p. In Tins, Geevor rose 5p to 195p following the annual report and chairman's statement and Amalgamated Tin of Nigeria put on 2p at 33p in response to the increased full year's profits.

Weakness in the Cape was reflected in Murchison which fell 30p to 400p while Sabina gave up 12p at 78p owing to Canadian offerings.

FINANCIAL TIMES STOCK INDICES

—	Sept. 25	Sept. 24	Sept. 21	Sept. 20	Sept. 19	Sept. 18	A Year ago
Government Sec.	64.14	63.85	63.71	63.74	63.75	63.77	72.18
Fixed Interest	64.32	64.07	64.05	64.02	64.02	64.00	73.50
Industrial Ordinary	425.2	422.3	422.2	419.2	420.3	425.9	481.0
Gold Mines	161.0	163.6	163.2	160.8	156.6	157.8	91.3
Ord. Div Yield %	4.46	4.49	4.50	4.50	4.50	4.45	3.39
Earnings Yld % (full) (a)	9.93	10.00	10.01	10.09	10.08	9.98	†5.22
P.E. Ratio (net) (a) (b)	13.72	13.63	13.61	13.51	13.52	13.66	†19.16
Dealings marked	6,514	6,090	5,506	6,053	6,510	7,558	8,589

*10 a.m. 421.6 11 a.m. 423.7 Noon 422.8 1 p.m. 423.5 2 p.m. 423.6 3 p.m. 423.7

Latest Index 01-246 8026.

(a) Based on 50 per cent. corporation tax. (b) Nil = 13.48. † On old basis.

HIGH AND LOWS

—	1973 High	1973 Low	Since Compilation High	Since Compilation Low
Govt Sec.	72.08 (22/1)	63.16 (6/9)	127.4 (9/1/35)	63.16 (6/9/73)
Fixed Int.	73.83 (23/1)	63.67 (6/9)	150.4 (28/11/47)	63.67 (6/9/73)
Ind. Ord.	509.5 (10/1)	404.8 (6/9)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	203.5 (6/7)	93.6 (19/1)	203.6 (6/7/73)	43.5 (26/10/71)

S.E. ACTIVITY

—	Sept. 25	Sept. 24
Daily—		
Gilt Edged	133.5	132.2
Industrials	213.1	202.1
Speculative	91.4	90.6
Totals	148.3	138.6
5-day Av.—		
Gilt Edged	126.8	130.5
Industrials	204.1	213.7
Speculative	95.2	99.2
Totals	139.4	144.2

Basic 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. S.E. Activity July-Dec. 1942.

FT—ACTUARIES INDICES

	Sept. 25	Sept. 24	Sept. 21	Sept. 20	Sept. 19	Sept. 13	A Year ago
Industrial Group	171.53	171.16	170.65	170.24	170.58	172.21	196.22
500 Shares	180.01	179.63	179.13	178.85	179.00	180.60	204.88
Div. Yield pc	4.22	4.22	4.24	4.23	4.23	4.19	3.51
P/E Ratio (net)	14.68	14.65	14.61	14.60	14.61	14.75	†16.85
All Share	179.06	178.47	177.95	177.73	177.92	179.21	205.72
Consols Yield pc	11.39	11.52	11.58	11.57	11.57	11.57	9.50

†On old basis.

AUTHORISED UNIT TRUSTS (p★★★)

OFFSHORE AND OVERSEAS FUNDS (p★★★)

[INSURANCE, PROPERTY, BONDS PRICES PAGE 41]

The European ramifications of U.S. anti-trust law

BY A. H. HERMANN recently in the U.S.

LIKE THE U.K. Fair Trading Act, the U.S. anti-trust law has the two-fold aim of protecting consumers and rescuing companies bullied into unfair agreements. But unlike the U.K. law it is much more concerned with substance than with form. The Sherman Act prohibits agreements which restrain competition, and conduct which is not "honestly industrial;" and as U.S. anti-trusters say, they are concerned with the commercial "nitty-gritty," not with the bare form of the arrangements between companies.

The Government is thus given a very free hand and in merger cases administrative decisions are as a rule confirmed by the Supreme Court. The Federal Trade Commission will proceed against mergers even if there is no threat of monopoly, and sometimes when the market share is as little as 5 per cent. A reduction in the number of important firms in a given field from say 20 to ten within a decade will be taken as evidence of "incipient" monopolisation and further concentrations will be stopped.

The other side of the picture, of course, is that in spite of the many blue-prints existing for its de-concentration, a company like General Motors is going as strong as ever. The anti-trust mixture of economics, law and politics becomes richer in the last-named ingredient as the size of the investigated corporation grows.

The EEC Commission could learn from the U.S. much about the relatively unexploited possibilities of proceeding against the abuse of dominant position, under Article 86 of the Treaty of Rome. It need only look at the five great anti-monopoly cases now pending in the U.S. They concern IBM, the two leading tyre manufacturers, Xerox, the four leading breakfast cereal manufacturers, and the six leading oil companies. The outcome of all these cases is bound to affect European business directly or indirectly.

In the case of Xerox, accused of combining with British and Japanese makers to create a monopoly in the market, the European ramifications are obvious. The FTC is seeking compulsory licensing to counteract the alleged perpetuation by Xerox of patent protection after the expiry of the basic patents by "patenting around" the main innovation. They also attack Xerox's system of offering licensing bargains in fields where it has competition but refusing licences and maintaining high prices or leasing rates in the plain-paper copier field, where it is without competition.

The impact on the European market of the case against the four main breakfast cereal manufacturers is less obvious. But there can be little doubt that European anti-trust action could be stimulated if the Federal Trade Commission succeeds in obtaining compulsory licensing of brand names and injunctions prohibiting domination of shelf space by means of agreements for direct servicing of the shelf space by the supplier.

'The EEC Commission could learn from the U.S. much about the relatively unexploited possibilities of proceeding against the abuse of dominant position, under Article 86 of the Treaty of Rome. It need only look at the five great anti-monopoly cases now pending in the United States. . .'

Damages

American law provides a formidable anti-trust weapon, unknown in Europe. In that it allows a private party to sue for triple damages from those who infringed the anti-trust rules. A spectacular illustration of this was the award of £147m. in the anti-trust suit which Telex brought against IBM. In its judgment, still subject to appeal, the District Court in Tulsa, Oklahoma, also prohibited IBM from incorporating into lease agreements penalty clauses for early termination, and from quoting global prices for memory systems and computers.

IBM was ordered to price different products separately, even if combined in multiple systems, and to calculate all prices by applying a substantially uniform mark-up to the actual cost price. This would prevent it from selling at cut prices products for which it has competition and making up the profits on products where it is without competition.

The present scare in U.S. business and Congress circles that Japanese and European companies are about to invade the U.S. market and penetrate vital defence or other industries led to a number of projects for the regulation and containment of foreign investments. This scare may have also prompted the Justice Department to take anti-trust action against a joint venture between Hercules, one of the leading polypropylene manufacturers in the U.S. and the Japanese Mitsui Petrochemicals.

Hercules needed technology developed by Mitsui in order to compete with the more efficient production method introduced by Phillips Petroleum. But the Department of Justice claims that the agreed exchange of patents and joint manufacture of polypropylene in the U.S. by the two companies would deprive the public of the benefit of unrestricted competition.

BP-Sohio

The action taken by the Department of Justice against the British Petroleum-Sohio merger is still fresh in everyone's memory, but the U.S. Government claims that it is not true that the Justice Department goes "gunning for foreign subsidiaries in the U.S. while winking at anti-trust infractions by American companies," as was claimed by the Wall Street Journal. The Government asserts that the Justice Department treats foreign companies exactly the same as U.S. companies, and that in this particular case it welcomed the acquisition of East Coast Sinclair Properties by British Petroleum as introducing a substantial new competitor into the market. But it analysed the merger proposals in precisely the same way as it would have done if another American company in the position of British Petroleum's American subsidiary had proposed to link with Sohio.

There is, of course, no hesitation in proceeding against foreign firms, including foreign subsidiaries of American firms, when their agreements keep up prices on the U.S. market. A classic example was the breaking up of the quinine cartel which brought down the price of quinine and resulted in substantial damages for the United States Government.

A more recent case is that of Westinghouse-Mitsubishi, where the Government is challenging agreements which have been in force for more than 40 years and have many more years to run, covering both patented and unpatented products and having the broad effect of keeping two of the world's industrial firms out of each other's "home" markets. The United States Government has gone even further in the Gillette-Braun case, challenging the acquisition by Gillette of a leading European electric razor manufacturer which had not yet entered the U.S. market but was seen as a potential competitor.

Stock markets

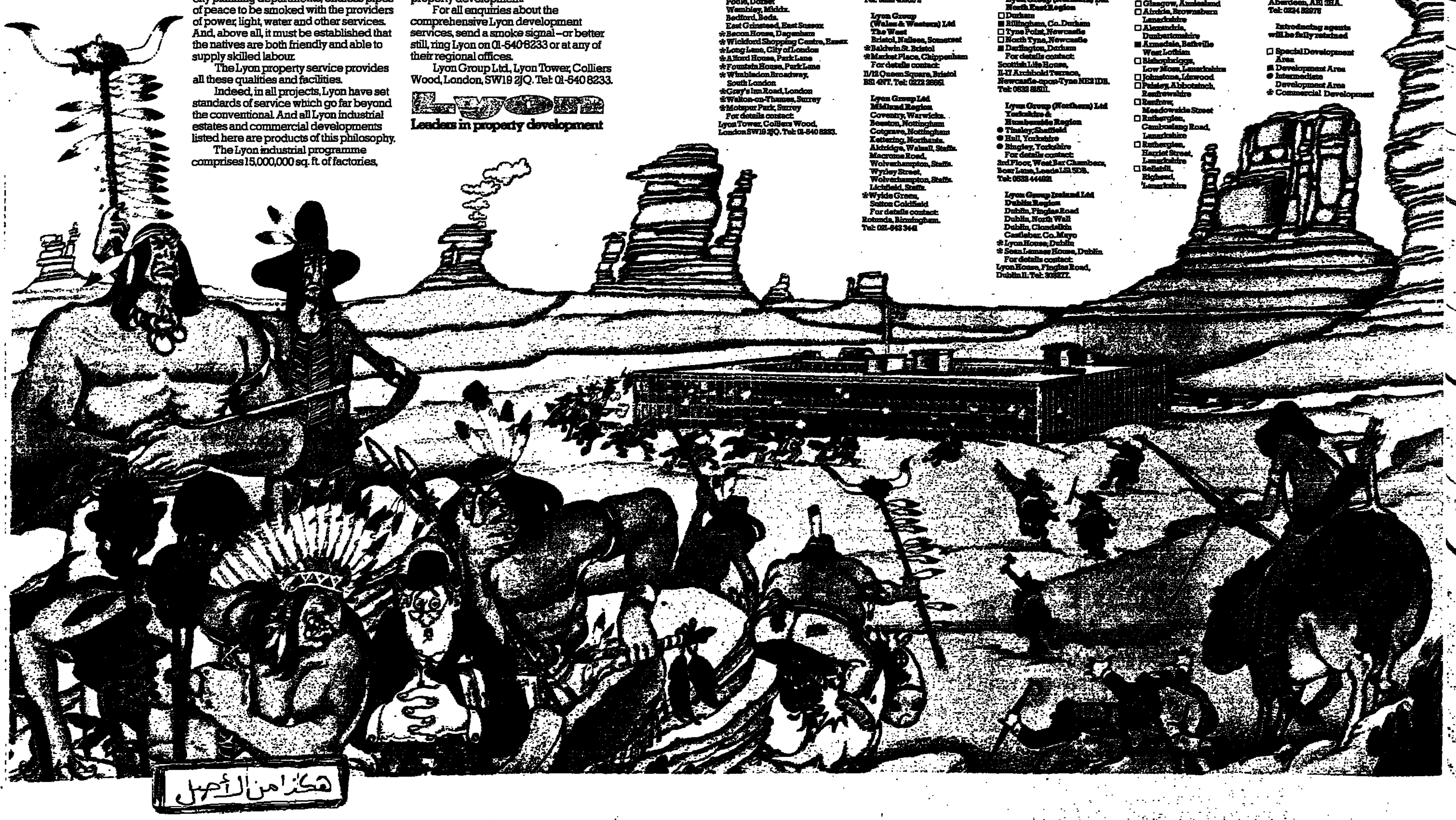
A new field, of potential interest to European banks, is opened up by the anti-trust action against the Securities and Exchange Commission's Rule 19 b2, a regulation restricting admission to the stock markets to institutions who do at least 80 per cent. of their business in shares and securities on behalf of the public, rather than on their own behalf. In the discussion about competition in banking which is now going on, it is claimed that State and Federal regulation can go far beyond the needs of preserving solvency. The American dual banking system, Federal and State, leads apparently to "competitive regulation" and—it is suggested—also to competition in permissiveness towards bank mergers.

The most exciting subject, however, does not at present seem to be the problem of over-regulation or under-regulation of banks, but the historic division between commercial banks and savings banks, now that the difference between cheque-issuing and other institutions is fading as a result of the arrival of instantaneous electronic transfers. The question is why should there be continued prohibition of interest payments on "demand" deposits at the banks if electronic transfers make the deposits in savings banks equally quickly available. It forces banks to compete, not on rates, but in convenience and services. This leads, it is claimed, to uneconomic increases in operating costs and misallocation of resources.

The Justice Department, opposed to the establishment of bank branches on a joint basis, is determined to oppose in the same way and for the same reasons the joint operation of money machines and retail terminals enabling customers to transfer funds from account to account and from bank to bank by electronic command signals. It seems that the prospect of electronic clearing dominating the bank scene will oblige the Department of Justice to adopt one of two alternatives: either to encourage competitive development, or to confine the automated joint clearing houses strictly to the inter-bank clearing function.

The preoccupation of the Justice Department with these matters will not surprise anyone in view of its past record in applying anti-trust rules to public utilities. This field offers examples of conflict between Federal and State rules which, one may hope, will be avoided in the application of EEC and national anti-trust rules in Europe. Take the case of the Bell Telephone Company.

At Federal level it was held to be a breach of anti-trust legislation for the Bell Telephone Company to enforce use of its own equipment at terminal stations on its networks. But more recently the Court of North Carolina accepted the contrary view with the result that telephone subscribers in North Carolina can be obliged by the Bell Company to buy its equipment for local services, while the Federal decision gives them the wholly impractical right to use other equipment for inter-state calls.



INTERIM STATEMENT

Foseco Minsep

LIMITED

Strong growth in first half of 1973

Substantial growth in profit and sales in the first six months of 1973 compared with the first half of 1972.

Foseco metallurgical and Fosroc building and construction sectors continue to lead the expansion of worldwide operations.

Summary of Results	Six months (unaudited) to 30 June 1973 £'000	Six months (unaudited) to 30 June 1972 £'000	Year (audited) to 31 Dec 1972 £'000
Sales outside the Group	40,484	27,496	58,256
Profit before tax	4,722	3,535	7,189
Tax	2,279	1,502	3,042
Minorities	250	181	345
Profit available for ordinary shareholders	2,171	1,821	3,739
Earnings per ordinary share	4.79p	4.19p	8.50p
Dividend per ordinary share, net	1.0731p	1.022p	3.087p

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A new booklet describing the Group's activities and copies of the full Interim Statement will be gladly sent on application to the Secretary, Foseco Minsep Ltd., 36 Queen Anne's Gate, London SW1H 9AR. (01-839 7030).

Resettlement of Uganda Asians 'a failure'

WIDESPREAD unemployment, homelessness and destitution among Uganda Asians in Britain are alleged in a report published yesterday.

The Co-ordinating Committee for the Welfare of Evacuees from Uganda says in the report that the resettlement programme has been a failure, and attacks the Government's role in it.

The report says many of the 28,000 evacuees were paying excessively high rents and having difficulties in claiming full social security benefits.

On the self-settled immigrants, the report says that many are still having difficulty finding suitable work, and are taking far less skilled jobs than they had in Uganda.

It concludes: "The stories of high rents, insecurity of tenure, under-employment, unemployment, wage-stop, rent-stop, problems with exceptional needs grants and homelessness are by now very familiar."

The Government's view of its responsibility had been "to regard that responsibility as terminated when the Asian families take their rightful place on the poverty line."

The Ugandan Resettlement Board declined to comment. A spokesman said: "The report is nothing to do with us. We have not seen the report yet, and are not prepared to comment on something we have not seen."

Dr. Dhani Prem, president of the Standing Conference of Asian Organisations, said at his Birmingham headquarters: "The entire blame for this cannot be put on the Government. Obviously the Government has made mistakes, but you have to be realistic about the situation.

"The blame must also be shared by the general public and local authorities, who in some areas have proved unsympathetic and have not helped these people in the way they could have; and the Asians themselves have to take some of the blame.

"By insisting on going to live in high density population areas they have to a certain extent aggravated their own problems."

Miss Helene Middleweek, a co-author of the report, told a Press conference in London, that a Uganda Asian family was being maintained in a hotel by Kent social services department at a cost of £57 a week, as the husband, a stateless person living in Belgium, had been refused admission to Britain.

The woman, Mrs. Khinji, and her three children, arrived in Britain 12 weeks ago, after the Government decided that no more refugees would be admitted to British camps.

Miss Middleweek said there were at least 250 "fatherless" Uganda Asian families in Britain, mainly living on social security.

Mr. S. B. Jaffer, a former member of the Uganda Parliament, who is campaigning for the admission to Britain of Uganda Asians stranded in India and Pakistan, spoke of a father of eight children who has been refused entry though his wife and family had been here for nearly a year.

"I am not criticising anybody. The British Government has done wonders for us, and I would like to thank them," he added.

Shelter has doubts on city centre plans

BY JOE RENNISON

SHELTER, THE national campaign for the homeless, has welcomed Government proposals to deal with housing problems in city centres. But it has doubts about the will of central Government and the ability of local authorities to implement the plans.

In a detailed memorandum to Mr. Paul Channon, Minister for Housing and Construction, it says: "We strongly approve the Government's intention . . . to strengthen its policy of improvement and rehabilitation rather than development of such areas. The early declaration of housing action areas by local authorities and the full use of new and existing powers will be warmly welcomed."

The Government's proposals are set out in the White Paper, "Better homes, the next priorities."

Shelter asks for assurances on the Government's determination to deal with housing problems by withstanding pressure to interfere with housing programmes through any future spending cuts. It also urges that legislation outlined in the White Paper should be given sufficient Parliamentary time in the next session.

The organisation sees many disincentives to the solution of inner-city housing problems. These include the lack of qualified staff, such as public health inspectors, and the intricate problems of moving tenants from housing action areas during reconstruction or renovation of the properties. In some cases, Shelter doubts the willingness of certain local authorities to declare specific areas as housing action areas

Land availability, the cost yardstick and the supply of building labour are seen as severe problems to be overcome before the Government can expect effective action in these areas.

The report states that Shelter "has been shocked to find that, in ten cities where it asked local authorities about land availability, all ten said land shortage was crucial to their housing problems. Some alleged that neighbouring authorities were able, but unwilling, to assist."

Shelter has asked Mr. Channon for a meeting to explain its views further on the problems it foresees.

Bow Group attack on housing

A DRASTIC rethinking of the way Britain is dealing with the housing crisis facing its cities is urged in a pamphlet issued by the Conservative Bow Group.

The pamphlet says the Government should raise improvements grants by as much as treble to a new £3,000 limit.

It also calls on the Government to help in certain areas of high unemployment to extend the private rented homes sector which, it says, has been "strangled" by the regulations and restrictions of successive Governments. This help should include subsidising private building or conversion for letting to low income tenants.

The pamphlet, written by economics lecturer James Foreman-Peck and Simon Randall, a solicitor and chairman of Bromley Council Housing Committee, attacks the Government's present housing plans as outlined in the White Paper, Better Homes—the Next Priorities as inadequate.

It is suggested that a new body, the Urban Housing Renewal Corporation, through which the Government could more effectively control housing should be set up.

Saving our Cities. Bow Group, 40p.

WINDSOR CASTLE CONTRACT FOR GEC

Windsor Castle is to be fitted with a new telephone system by GEC Telecommunications. It is scheduled to open in November and is equipped initially for 12 exchange lines and 230 extensions.

'North West has more than 200,000 unfit homes'

MORE THAN 200,000 houses in the North West region are unfit to provide decent homes according to a Labour Party report published yesterday.

The report took two years to compile and covers homes and jobs in a region with 6.75m. people. It estimates that at the present rate of progress it would take at least 10 years to rid the North West of houses already condemned as unfit. In addition about 6,000 houses decline into the slum category each year.

Council house tenants should not be treated as second class citizens and subjected to petty restrictions, the report warns.

On jobs, it says in the last three years the region has not been getting its fair share of public spending. Many skilled people have lost heart and gone elsewhere. It calls for nationalisation of the cotton textile industry to protect jobs and improve prospects.

Mr. Jim Mason, leader of the Labour group on the new Lancashire County Council, said he would like to see the wool textile industry and man-made fibre industry also taken into public ownership, to form one textile industry.

Changes in National Insurance contributions from 1 October 1973

To cover the cost of the higher retirement pensions and other benefits which will be paid from October 1st, National Insurance flat-rate and graduated contributions are being increased. The main new rates are given below.

EMPLOYED PERSONS: CLASS 1

The employer's share of contributions will be increased by 6p–14p a week, but most adult employees will have their share reduced by 4p a week.
The earnings threshold for liability will be raised from £6 to £7 a week.

New Class 1 Stamps	MEN	WOMEN	BOYS Under 18	GIRLS Under 18
Employees not contracted out	£2·03	£1·72	£1·34	£1·15
Cards with a "Special" label i.e. men over 65 and women over 60 who are treated as retired; and certain married women and widows	£1·24	£1·05	–	£0·69
Contracted out employees	£2·27	£1·88	–	–
Cards with "Special" label i.e. certain married women and widows	–	£1·13	–	–

SELF-EMPLOYED: CLASS 2

Stamp rates will be increased by 25p a week for men and 21p a week for women.
The earnings level for liability is being raised from £5 to £6 a week, and the small income limit for exception from liability is being raised from £468 to £520 a year.

New Class 2 Stamps	MEN	WOMEN	BOYS	GIRLS
	£1·93	£1·61	£1·09	£0·93

NON-EMPLOYED: CLASS 3

Stamp rates will be increased by 19p a week for men and 15p a week for women.
The small income limit for exception from liability is being raised from £468 to £520 a year.

New Class 3 Stamps	MEN	WOMEN	BOYS	GIRLS
	£1·52	£1·19	£0·86	£0·70

Graduated contributions for employers and employees are also being increased.
The new rates are:
- 5% of earnings between £9 and £54 for employees not contracted out
- 0·75% of earnings between £9 and £18 *plus* 5% of earnings between £18 and £54 for contracted out employees.

Taking account of the 4p decrease in their flat-rate contributions no employees earning under £28 a week will have their total NI deductions increased.

Full details of all the new rates are in leaflet NI.204 from Post Offices and Social Security offices.

Issued by the Department of Health & Social Security.

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To the Holders of

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By: MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Fiscal Agent

September 26, 1973

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Luxembourg Capital Market

FINANCIAL TIMES SURVEY

Free zone in the heart of the Community

By MARY CAMPBELL

Despite numerous attacks from its fellow EEC members, Luxembourg has always maintained that it is the most European-minded of the countries in the Community. In no sector, Luxembourgers maintain, does this apply more than in its attitude to international capital transactions. Where other EEC countries have imposed a constant stream of controls on foreign exchange inflows (or outflows) and maintain stiff withholding taxes on payments of interest and dividends, Luxembourg institutions can transfer funds whence and whither they like free of foreign exchange and taxation barriers. This, say the Luxembourgers, is a true example of European Monetary Union at work.

Recent pressure

To judge from recent pressure put on Luxembourg by other EEC countries to bring its fiscal and corporate legislation closer into line with those of its fellow members, these countries do not necessarily agree. Yet, in the negotiations which finally led to the decision that the new European monetary fund would, as planned, be established in Luxembourg, the Duchy managed to prevent any strings being attached. And this paradoxical combination of firm non-co-operation with other EEC members' views of what it should do plus pre-implementation of many of the EEC Commission's recommendations on matters of capital flows is one of the secrets of Luxembourg's recent growth.

The Duchy has little intrinsically to offer the international financier—one significant industry to invest in (steel) and an area of 1,000 square miles to operate in. But situated as it is at the point where France, Belgium and Germany meet—in the heart of the Community—and protected by its political independence from regulations imposed in other countries, it has offered a haven of freedom for banks and other financial institutions constantly facing new restraints in their operations elsewhere.

The results have been startling. The number of mutual funds established in Luxembourg now stands at over 120 while, in the two years from December 1971 to the end of this year, the number of authorised banks in the city is expected roughly to double—from 43 to around 80. The most notable feature of the latest influx of banks has been the number of Germans which have set up there—significantly since the imposition of the bardepot made it very awkward if not impossible for them to organise many of their international operations from home.

The question which faces Luxembourg in the future is just how artificial this growth in its international financial standing is. For despite the number of banks and investment trusts in the city, the substructure of the financial system is not very well developed.

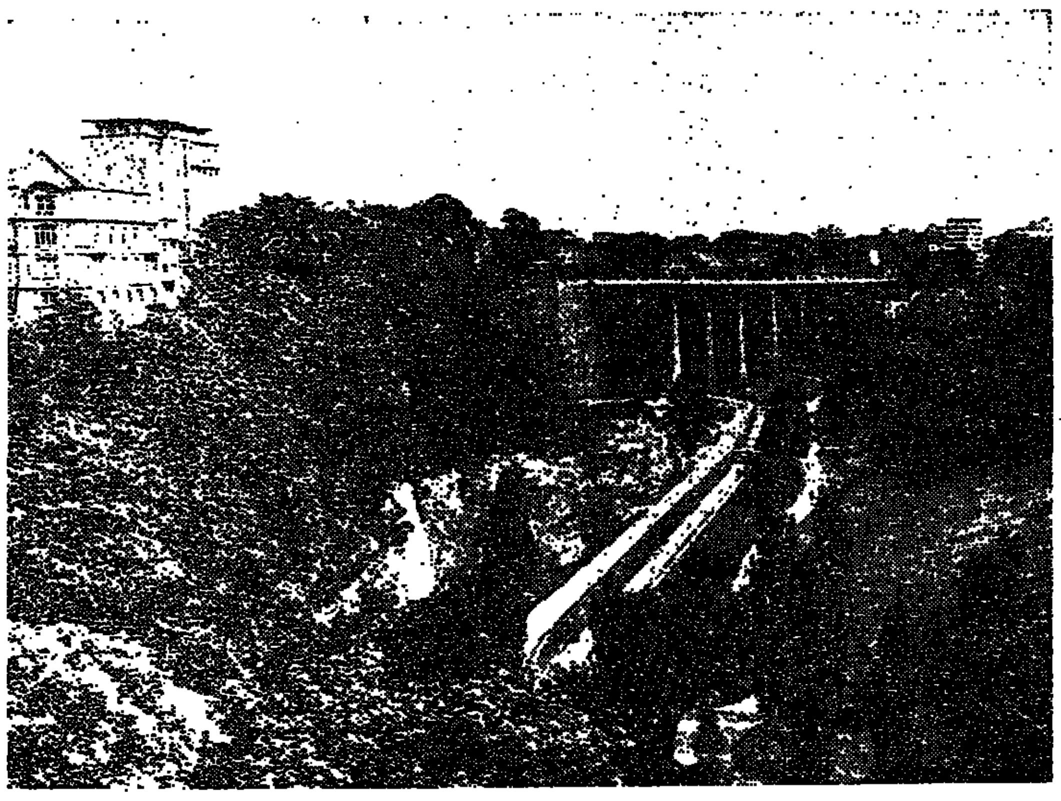
There is no central bank (it is symbolic enough that the European monetary fund is being set up there—but even more symbolic that the only central bank Luxembourg is ever likely to have is a European one). The Government has no need to borrow money by issuing treasury bills or other market instruments. There was until very recently no money market at all. As for those other trappings which make an international financial centre like London so comprehensive—Lloyd's, the commodity markets and so on—these are all far from what Luxembourg has to offer.

Narrowest sense

The importance of Luxembourg to date has been in the field of capital market operations—in the narrowest sense of the word. What it boasts in great numbers are industrial and commercial holding companies which choose Luxembourg as a centre for raising funds, a substantial portfolio management business and a very large number of banks, many of which have come to Luxembourg in the footsteps of the holding companies.

In general, it is as true to-day as ever that Luxembourg's main importance is as a fund raising and investing centre. It is no accident that the two private back-up international institutions there are Cedel—the Eurobond clearing house—and the proposed Eurex computerised trading system for Eurobonds.

One reason why the growth in the number of banks has speeded up so much recently is that the maturities of Euromarket lending have been extended into the capital market arena: given that Luxembourg is very much cheaper than London one might as well organise and book these loans from there.



Matching its financial eminence, the city of Luxembourg dominates the surrounding countryside from its hill-top location. Pictured here are the Corniche and the Pont Adolphe.

There are signs that the substructure is likely to follow. Already, two British money brokers have set up operations in Luxembourg. The possibility of a gold market is also under discussion.

There are however other problems. One is the question of accommodation — though office rents are very much lower than London, and likely to remain so, rents for houses and flats are already almost up to London standards. Indeed, it is often very difficult to find somewhere to live at all and given that the vast majority of staff have to be imported—staff are also in short supply—the pressure is likely to get worse rather than better.

But, as the example of London has already proved, these factors are unlikely to provide a serious threat. Nor, given the profit motivation of the institutions concerned, and the career motivation of their executive staff, is the fact that a lot of the people at the top of the foreign banks in Luxembourg undoubtedly find it a dull place to live: Luxembourg is reportedly a marvellous place for families, but—for the single—there is no night life, few cinemas, undying resentment from the neighbours if parties last beyond 11 p.m., and so on.

More serious is the longer-term position of Luxembourg if and when harmonisation within the EEC is implemented. Though Luxembourgers emphasise—and fairly, given the city's international reputation—that it is not just a tax haven and that its banks are not just a series of letter boxes, there is no doubt that it has profited enormously from the restrictions imposed by its neighbours. What happens to Luxembourg when it has the same laws as all the other EEC member States?

An advantage

To date the fact that Luxembourg is small has been an advantage. There was very little domestic monetary policy to be upset by foreign exchange upheavals, and very few domestic shares for foreigners to buy; it is the Belgian rather than the Luxembourg franc which is quoted on the world's foreign exchange markets. There is no point in foreign banks invading the domestic scene—the returns would be too low.

The structure of the domestic economy and financial system therefore have been markedly unaffected by the influx of foreign financial institutions and the extent of freedom awarded to them could be left to be determined by the demands of sound practices alone.

But in the event of full harmonisation, this very strength is likely to become a weakness. The largest of the international banks will have to continue to maintain their operations in places like Paris, Frankfurt and London for the simple reason that the industrial and commercial hinterland is s[…] big. This is simply not true o[…] Luxembourg. If internationa[…] institutions were in cost cuttin[…] vein, Luxembourg could be th[…] first place to go.

Of course, all this is a lon[…] way ahead—and it is possibl[…] that Luxembourg, simply b[…] cause it is so small, might b[…] able, like Jersey and Guernse[…] to negotiate for itself a "speci[…] position." One argument p[…] forward in Luxembourg itself—somewhat too innocently pe[…] haps—is that there would be […] lot of value for other EE[…] countries in allowing the Duch[…] to retain differential advantag[…] over its EEC partners: bigg[…] countries, whose economies a[…] more threatened by inte[…] national financial upsets th[…] Luxembourg, could afford […] keep more restrictions wh[…] ensuring that within the Co[…] munity there was one cent[…] where raising capital would […] no problem. Also, it is argu[…] that if both Luxembourg a[…] London were harmonised o[…] of the international financi[…] scene, the only result would […] that all the business would […] off to centres where the requi[…] ments of sound banking a[…] not so respected.

However, even if it is ful[…] harmonised, Luxembourg w[…] still have two outstandi[…] advantages: first, the fact th[…] it is the site of the Europe[…] monetary institutions: a[…] second that, however much t[…] law is harmonised, it is diffic[…] to see that the spirit with whi[…] it is administered will […] harmonised too (a point […] strength for the future […] London also). And meanw[…] it has a good many years […] build up its financial capac[…] yet further.

XEMBOURG CAPITAL MARKET II

What the tax advantages mean to financial operations

BY JOHN CHOWN, Taxation Correspondent

ubourg is a favourite for holding companies. re have been accusations her EEC members that untry is enjoying a ed and anomalous tax . On June 18 the EEC sion published a t on Tax Arrangements to Holding Companies." this document gives the on that the authors had the task of finding arguments against the Luxembourg position they found some diffi- doing so. In fact, ourg is not a tax haven eal sense but rather a here it is sometimes nt to set up tax neutral companies.

General rules

from the special rules g holding companies. s in Luxembourg are sedly out of line with the rest of Europe. es. for instance, in pay tax at a flat rate r cent. but in addition profits is payable to icipalities. (There are rates of tax for com- ith smaller profits but luding the tapering out s. only apply where re less than Luxem- Frs.1.312m. or about The "classical" of company taxation nd dividends paid are ble in the hands of the shareholders. Personal for residents rise to 57 and there is a net x at a rate of 0.5 per ddition.

dividends are paid by ng companies to non- there is a withhold- 25 per cent. but this is reduced under a number of double tax agreements. The agreement with the U.K. for instance, provides for a rate of withholding tax reduced to 5 per cent.

Luxembourg holding companies properly qualified as such under the law of July 31, 1929, are exempt from tax on dividends and interest received. Furthermore, there is no withholding tax when the income is distributed by the holding company as dividends. Passive income of this type can, therefore, flow into Luxembourg and out again without any tax consequences in Luxembourg itself. The only taxes payable are the capital contribution tax of 0.32 per cent. at the time of formation plus an annual subscription tax of 0.16 per cent. on the value of the securities issued by the holding company. Reductions in these rates are available for "milliardaires" on that part of a company's capital in excess of Lux. Frs. 1,000m. (about £11m.).

There is one major disadvantage of Luxembourg as compared with other jurisdictions that might be used as a location for holding companies. This is that all the double tax agreements to which Luxembourg is a party specifically exclude holding companies from the benefits of any reductions in the rates of withholding tax on dividends, interest or royalties received from the other partner country. Although a Luxembourg holding company is itself tax neutral, this does not permit any reduction in the rates of tax on income flowing in.

It is for this reason that companies set up to hold equity participations are often incorporated in the Netherlands, the Netherlands Antilles or Switzerland. Although these jurisdictions do not offer the apparent advantages of Luxembourg they have concluded many double tax agreements which do reduce withholding taxes in the country of source, reductions which may only partly be neutralised by such taxes as are payable in the holding company's own country, including withholding taxes due when dividends are redistributed to the ultimate shareholder.

Where Luxembourg comes into its own is on interest. Although, in principle, most countries have sought to protect their tax base by imposing a withholding tax on certain types of interest paid to non-residents, events have proved this policy to be counter-productive. There are now enormous funds available for investment owned by individuals, institutions and Governments who are not themselves liable to taxation on their income and who are free of exchange control restrictions (imposed in their own country) limiting where they can invest.

These funds are invested with an eye to the *net* yield after all taxes. If the going market yield on the Eurobond market is 9 per cent for a bond of a particular maturity and in a particular currency, such investors receive this 9 per cent. clean. If borrowers in a particular country have to pay interest under deduction of a withholding tax at 30 per cent., they would have to offer a gross yield of 12.86 per cent. to tap the Eurobond market at all and even then would have themselves to give a guarantee against any possible future increase in the rate of tax.

As country after country has discovered, in these circumstances a withholding tax on interest is not a tax on the wicked foreign capitalist, but a tax on the domestic industrial borrower. Such countries, including the U.K. in 1969, have ensured that their risk borrowers can tap this market freely by introducing specific legislation. British companies, French companies, American companies, Australian companies and others can all have access directly to this market without any tax penalty. (At present there are temporary restrictions affecting borrowing by residents of countries such as Switzerland and Germany, such restrictions being intended to keep hot money out of a strong currency country.)

It follows from all this that a great many financial transactions can take place directly in such a way that the borrower can claim a deduction at the interest rate without the lender having to pay any corresponding tax on it. No tax is saved (as there was none in the first place) by setting up a Luxembourg company as an intermediary.

What the holding company does is to give a considerable degree of flexibility. An international group can set up such a company which arranges an international borrowing and having borrowed the money can relend it to other companies within the group in different countries according to the needs of the moment. This is an administrative convenience rather than a tax avoidance manoeuvre. Indeed it is essential to ensure that interest is paid to the Luxembourg holding company in such a way that it can be claimed as a deduction.

There are two other important uses of a Luxembourg holding company. These are for international investment trusts which wish to retain flexibility to invest in a number of countries and joint venture companies.

Best answer

One of the more difficult recurring problems facing anyone professionally engaged in international taxation is that of a syndicate of companies or occasionally private investors in various countries who wish to get up a jointly owned company which would in turn invest in a number of other countries. In such a case it nearly always turns out that the best answer from a purely fiscal point of view would be for each partner to make his own investments directly in each target country. This, however, is administratively inconvenient and managerially unacceptable: the problem then is to find the nearest approximation to a tax neutral holding company which can be interposed with the minimum of additional tax.

Sometimes but by no means always the answer is in Luxembourg. Here all that one has done is to find the best available answer given that tax systems of the Community are not harmonised for this purpose the Luxembourg holding company would, for EEC purposes at least, become superfluous once even the intermediate aims of tax harmonisation had been achieved

The EEC report of June 18 points out that holding companies can be used for three purposes: for control and co-ordination, for financing, and to collect and accumulate income. The first of these is admitted to have no tax relevance although, as I have pointed out, it is an important attraction of Luxembourg in practice.

The report first examined the financing role of holding companies which it says (adopting William Hopper's phrase) act as "a turntable for capital." "Criticism" says the Report "is much less well founded, where it relates to dividend collected by a holding company is as in the case of most countries this income is liable to corporation tax at the level of the company distributing it. Exemption is then aimed solely to avoid economic double taxation." In fact because of the lack of withholding tax reductions normally granted by double tax agreements to tax avoidance purposes would appear to be achieved by a Luxembourg holding company which could not be accomplished by holding shares direct

The Commission Report has stronger grounds for criticism when it comes to interest payments but the analysis is a little confused. The report states "for instance if an industrial company established in a country with high withholding tax sets up a holding company which is to float loans in another country" (meaning presumably Luxembourg) "with no or only very low withholding taxes, this industrial company escapes withholding tax in its own country."

Interest flow

This is true, but it escapes withholding tax only at the cost of being denied a reduction for the interest. It is counter-productive tax planning to route charges against income into a tax-free country. The benefits of Luxembourg can only be enjoyed in the circumstances mentioned if the money can be re-lent in such a way that interest corresponding in amount to the interest paid, flows into Luxembourg in a form which is tax deductible to the payer. As already explained, if the interest can flow out to Luxembourg without withholding tax it could, in any case, have been paid to the original lender without withholding tax.

The Report does make this point explicitly in the next section on so-called "letter-box" companies. It suggests that the company may "even place funds at the disposal of the natural or legal person controlling the holding company in the form of a loan . . . In this way this person enjoys the additional advantage of being able in principle to deduct from taxable income the loan interest paid to the holding company."

This is true and this is a possible international abuse. However, the extent to which this possibility exists it is not the fault of Luxembourg. As everyone concerned with the set-up of tax havens is aware the real problems arise in the country of source of the income and in the country of residence of the true beneficial owner of the income. For the device suggested to work there must be freedom from or a lower rate of withholding tax on interest paid to non-residents without loss of the right to deduct the interest from taxable profits

If it is possible to flow interest into a Luxembourg holding company in this way it is possible to flow it anywhere in the world with or without the interposition of a holding company. If the income can accumulate in a holding company without tax penalty in the country of residence of the shareholders, this is because the latter country has no legislation to deal with this particular form of tax avoidance.

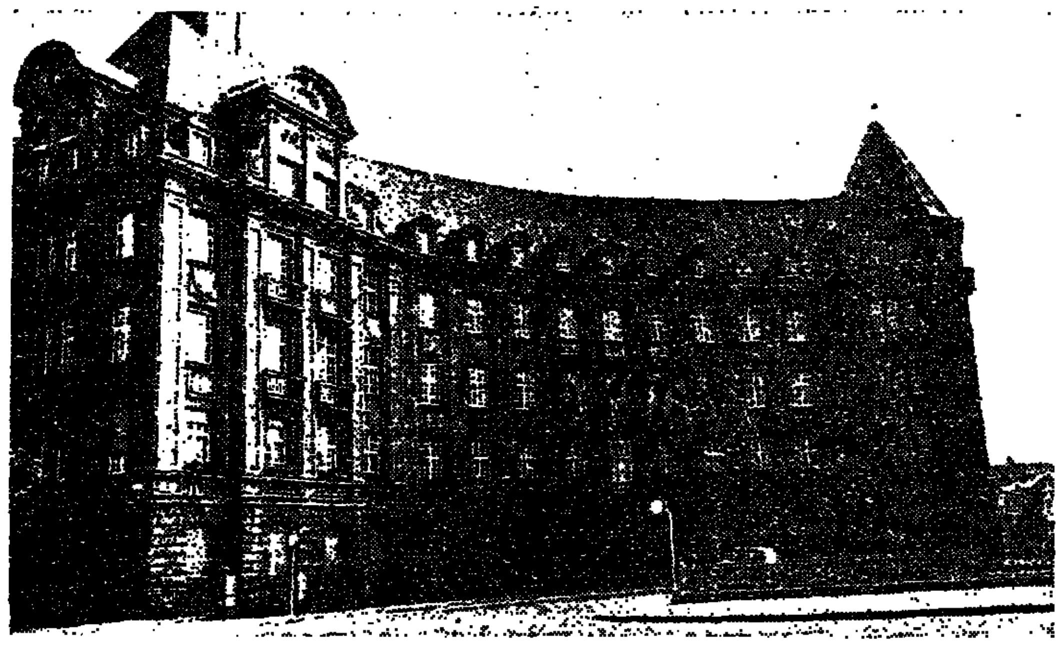
This problem will therefore continue unless member states of EEC agree to harmonise on a positive and substantial rate of withholding tax on all interest payments to non-residents except where there is a corresponding tax liability in the country of residence. Mr. Alban Hansen speaking at a Financial Times conference organised in Brussels in June indicated that moves in this direction were being considered. However, the enforcement of withholding tax in these circumstances would, in most cases, check the rate of growth of the country or countries imposing the restriction and would also force up its own domestic rates of interest.

Tax holiday

Legislation directed at the accumulation of income in off-shore subsidiaries also has its dangers. If passive income accumulated in a tax haven is to be taxed, how about profits earned in a country which offers a tax holiday to stimulate development? How does one distinguish between total tax-free income accumulated in Luxembourg and dividends paid to Luxembourg which although tax-exempt there have borne a full measure of tax in the country of source?

American experience of these questions shows that an attempt to seek the right balance can produce very complex legislation. Such legislation is only practicable in a country with a high level of taxpayer compliance and efficient machinery for enforcement. Failing these conditions any such tax would merely be a tax on the honest.

Finally, the Commission Report concludes that "action restricted to holding companies within the Community would, however, inevitably touch off a flight of capital to tax havens outside the Community." The position of the Channel Islands, the Isle of Man and Gibraltar together with territories such as the Bahamas and Bermuda which will become associated on February 1, 1975, or later are specifically mentioned. The Commission Report concludes by saying that a solution should be sought "in the general framework of harmonisation of withholding tax on bond interest" and therefore for there to be a final solution "there must be Community action against all tax haven companies."



One of the EEC office buildings in Luxembourg—it was formerly the HQ of the Coal and Steel Community.

LUXEMBOURG CAPITAL MARKET III

The international banking community is there in force

By a Correspondent

The Common Market decision to locate its Monetary Co-operation Fund in Luxembourg dramatically confirmed the importance of the Grand Duchy as one of the major financial centres of Europe. Taken in April and confirmed in June, this decision made Luxembourg, the European Community's smallest member, the focal point for its most ambitious project, for the Fund is envisaged as the forerunner of a Common Market central banking system, the prerequisite for all economic and monetary union.

Backed by reality

This symbolic financial eminence is backed up by reality. The number of banks established in Luxembourg continues to rise steadily. The Grand Duchy now boasts some 65 banks, and there are likely to be some 80 by the end of the year. Of these only two are domestic. The newcomers are far from being second-line institutions. Major U.S. banks are still coming into the Duchy and this year has seen the first application by a Japanese bank to set up a Luxembourg subsidiary.

As can be seen from the accompanying table, the balance sheet total of all the banks is also huge. Indeed, between the end of 1972 and last June alone they grew by over Lux.Frs.100,000m. to reach about Lux.Frs.630,000m. (about $17,000m.).

Aided by a freedom of capital movement made possible by a two-tier foreign exchange market, and by the attraction for foreign investors of very light taxation (including the absence of withholding tax on interest payments) the Duchy quickly cornered a share of the international loan market which sprang up when the U.S. interest equalisation tax was introduced in 1963.

Big international companies set up Luxembourg holding subsidiaries as vehicles to borrow money in the Euromarkets, and the business provided by these gave Luxembourg banks both a staple income and an opportunity to gather expertise. This has kept them well to the fore ever since. Luxembourg banks figure among the most active primary bond market managers and co-managers, and secondary market makers. It was a Luxembourg bank, Kredietbank SA Luxembourgeoise, which pioneered the bond unit of account (not to be confused with the Common Market unit of account) for use as a currency-hedged issuing medium. Kredietbank is also in the managing group for the first bond issue to be denominated in the latest composite currency unit, the "Eurco."

The question arises whether this heavy involvement might not be a source of weakness as well as of strength. Since the first six weeks of this year monetary uncertainties have plunged the Eurodollar bond market—traditionally the leading sector—into a slough of despond. New issue activity has dried up and secondary market prices have slipped sharply.

Despite flurries of activity, other currencies have so far not established themselves as consistent alternatives and up to the present time the secondary market has failed to arouse itself from a deep lethargy. In mid-September the Bondtrade indices for medium- and long-term securities were standing at 96.60 and 90.50 respectively, marginally higher than three months earlier, but far below the levels of around 101.50 and 98.20 prevailing at the start of the year.

Although there are signs that new issue activity is beginning to pick up again, helped by some two months of comparative exchange market calm, there can be no doubt that profits from Eurobond activities will be very much lower this year than last. On the other hand money market activity is at record levels, so that what the banks lose on the bond swings they can gain on the Euro-deposit roundabouts.

Simply enormous

The growth in Eurocurrency deposit trading has been simply enormous. Recent figures for London showed that the volume of the market expanded more in the first five months of this year than in the whole of the previous year, most of the increase arising from interbank business. And perhaps because Luxembourg is so centrally placed within Europe, and so accustomed to watching what is happening to its larger and more powerful neighbours, its Eurocurrency traders are more ready than many of their rivals in other financial centres to work all the currencies.

Balancing the decline in the bond market against the upsurge in shorter-term deposit trading it seems likely that Luxembourg's banking sector will come out of this year with colours flying.

It is partly a question of flexibility, and in this respect Luxembourg has one fundamental advantage, taken from German banking tradition. It has maintained the concept of the universal bank.

Unlike Belgium—its partner in the Belgo-Luxembourg Economic Union—which split off portfolio investment from deposit banking as part of its solution to the crises of the 1930s, Luxembourg allows its banks to diversify their interests into every aspect of legitimate financial activity. Luxembourg banks can go into the mortgage business, hold interests in commercial and industrial enterprises, join international loan issue syndicates, make secondary securities markets, run portfolio investment funds: they can offer their clients, and use themselves, a full range of financial services.

It can be seen from the above that the reality of banking in Luxembourg is far removed from its "brass-plate" reputation. Insofar as it has developed into Europe's second most important entrepot banking centre, this is due to the growing activities and influence of the Commissariat au Controle des Banques. It is no accident that this organisation has made detached studies of how the London market is regulated yet promoted, though not a few banks in Luxembourg think that the regulations are more stringent than London's.

Delicate matter

One example of how the Commissariat has sought to promote "real" banking and discourage less serious institutions from setting-up is the fact that until three weeks ago, foreign banks were required to bring in a minimum capital of Lux. frs. 100m. (about $2.6m.) Now the minimum capital requirement has been raised to Lux.Frs.250m. (about $6.5m.). This regulation applies to branches of foreign banks as well as to subsidiaries.

In addition to this, banks are required to ensure that their "own funds" never fall below 3 per cent. of their borrowed funds. Just how far these regulations are in fact enforced is a delicate matter, but there is no doubt that requirements like these of course increase the potential costs for a foreign bank planning to set up in Luxembourg.

Given the liquidity of the Luxembourg banking system, the requirement that a 30 per cent. liquidity ratio be maintained is not very onerous. However, what may be said is that the Commissariat is making great efforts to ensure that conservatism is blended with freedom in Luxembourg banking.

The methods it uses for this are, first, to screen off the banks it doesn't want to set up; for a first class bank to get permission to set up there can take a matter of days; however, in the case of those which are not wanted, the administrative delays can be long.

The Commissariat's second line of defence lies in ensuring that the managers of the banks are responsible; posed managers have to mit a curriculum vitae be authorisation to open granted.

The third line of defence keeping close tabs on what banks are doing. All b (including branches) have submit monthly balance sh to the Commissariat which has the right (which it u to send in its own auditors spot checks.

Finally, the Commissa feels itself responsible finding solutions for ba which do get into trouble. small banks for example, wh insolvency is not involved which the Commissariat siders should not keep tl banking licences, have rece been put under "ges controlée." In another re case, the Commissariat arran for a bank which was in diff ties to be taken over by ano Luxembourg bank.

Given this flexible "managed" system, Lux bourg seems set fair to conti its present rapid growth p Already, the siting of European Investment B there has yielded dividends the banks. This is more symbolism: bankers who the EIB may well drop other banks while there. EIB spare funds are a welcome as deposits. former at least is expectec be even more true of European monetary fund.

Banque Internationale, the oldest bank in Luxembourg, is one of the f[illegible] non-nationalised banks in Europe which retain the right to issue bankno[illegible]

THE BANKING SYSTEM

LIABILITIES

Lux.Frs.m.

End year	Due to banks	Deposits at sight	Deposits at term	Savings deposits	Bonds and Bank notes	ot[illegible]
1946	108	1.880	200	2.098	10	[illegible]
1956	681	4.556	2.946	5.159	118	[illegible]
1966	11.870	12.216	11.999	12.153	162	[illegible]
1967	16.340	15.013	12.580	13.286	1.724	[illegible]
1968	31.234	17.192	15.384	14.263	2.162	[illegible]
1969	51.678	27.280	27.927	15.335	2.239	[illegible]
1970	132.280	28.846	39.073	16.467	2.802	[illegible]
1971	214.369	35.759	48.018	19.189	3.480	[illegible]
1972	344.664	53.848	58.725	22.678	4.723	[illegible]

ASSETS

End year	Sight	With banks and Money market	Promissory notes and commercial paper	Advances Secured	Advances Unsecured	*Inv[illegible]
1946	275	580	595	648	506	[illegible]
1956	572	3.699	3.502	4.705	1.298	[illegible]
1966	2.543	18.082	8.880	14.975	5.080	[illegible]
1967	3.404	24.657	10.027	14.949	6.092	[illegible]
1968	4.132	39.741	11.532	17.159	7.749	[illegible]
1969	5.646	71.549	14.341	21.779	13.808	[illegible]
1970	6.374	106.761	14.145	47.904	38.181	[illegible]
1971	6.499	170.964	19.929	49.690	64.364	[illegible]
1972	8.418	281.370	27.023	76.867	65.240	[illegible]

* At Cost.
Source: Commissariat au Controle des Banques.

TOTAL BALANCES

End year	Balance sheet total Lux.Frs.m.	Liquidity ratio Lux.Frs.m.	Bank staff number
1946	4,953	n.a.	n.a.
1956	16,599	46.86	1,053
1966	56,739	56.90	2,223
1967	66,410	60.14	2,386
1968	90,145	64.38	2,615
1969	135,914	69.50	3,187
1970	235,789	55.76	3,756
1971	343,094	58.30	4,270
1972	517,004	62.80	4,778

Source: Commissariat au Controle des Banques.

[olding companies provide n important clientele

:orrespondent

Luxembourg put in its ially successful, to have non Market's Monetary tion Fund sited there, unexpected resistance neighbours.

r France nor Germany that the fund should in Luxembourg, along ier major community ns such as the Euro- urt of Justice and the Investment Bank. But nanded that the Duchy ciprocate by modifying aws for holding com- particular they sought essure on Luxembourg reign companies trans- evenue to Luxembourg ix" subsidiaries in avoid paying corporate

oourg resisted and won But the incident was g because it drew o the limelight one of factors of the Duchy's establishing itself as inancial centre.

a law was passed to double taxation of om portfolio securities uxembourg companies, ting them from tax on and interest. The law holding company for oses as a company tricted its activities to quisition, holding, ent and disposition of in other companies, all other commercial rial operations. The been updated twice 965 and 1967.

w modified

a modification allowed rg holding sub- of major groups to her subsidiaries and f the group without vileged tax status. In rther change allowed set up holding com- issue bonds, raising r onlending to the be made available by dium-sized industries. lly, then, a Luxem- ing company can fulfil nctions. It may be to hold the control- st, in affiliated com- to raise funds for companies, usually nternational capital r by a bank to raise nlending (though the e to be on-lent for term as they were for—or frozen in a g account — while limit of two per cent. differential between te paid and interest ed); or it may be to run an investment er open or closed-

ses the holding com- sempted from taxes an initial registration ne per cent. on its on and a 0.16 per cent. "subscription tax" levied annually on the value of shares, bonds and other negotiable securities issued by the company. For companies with a capital of Lux.Frs.1,000m. or more the registration and stamp duties are reduced, while for open-ended mutual funds the annual subscription levy is fixed at 0.6 per cent. of the inventory value of their portfolio.

Several choices

Most Luxembourg holding companies take the form of a joint-stock "*societe anonyme*," but they can in fact take any of five other corporate forms recognised in Luxembourg law The capital of the company may be nominated in any currency or in units of account.

Disclosure requirements are limited. Every holding company must file an annual balance sheet summary, including a statement of profit and loss. In addition, joint-stock holding companies must publish a full annual balance sheet and statement in the official gazette. They are not obliged to disclose the contents of their portfolios But the Luxembourg authorities moved last December to tighten control in the investment fund sector, following the various mutual fund scandals of the past few years.

The Law of December 2[illegible] established an obligatory list of approved funds under the surveillance of the Luxembourg Commissariat au Controle des Banques. To obtain a listing a fund must open its books to expert audit. Any irregularity may result in listing being refused, and the fund being wound up.

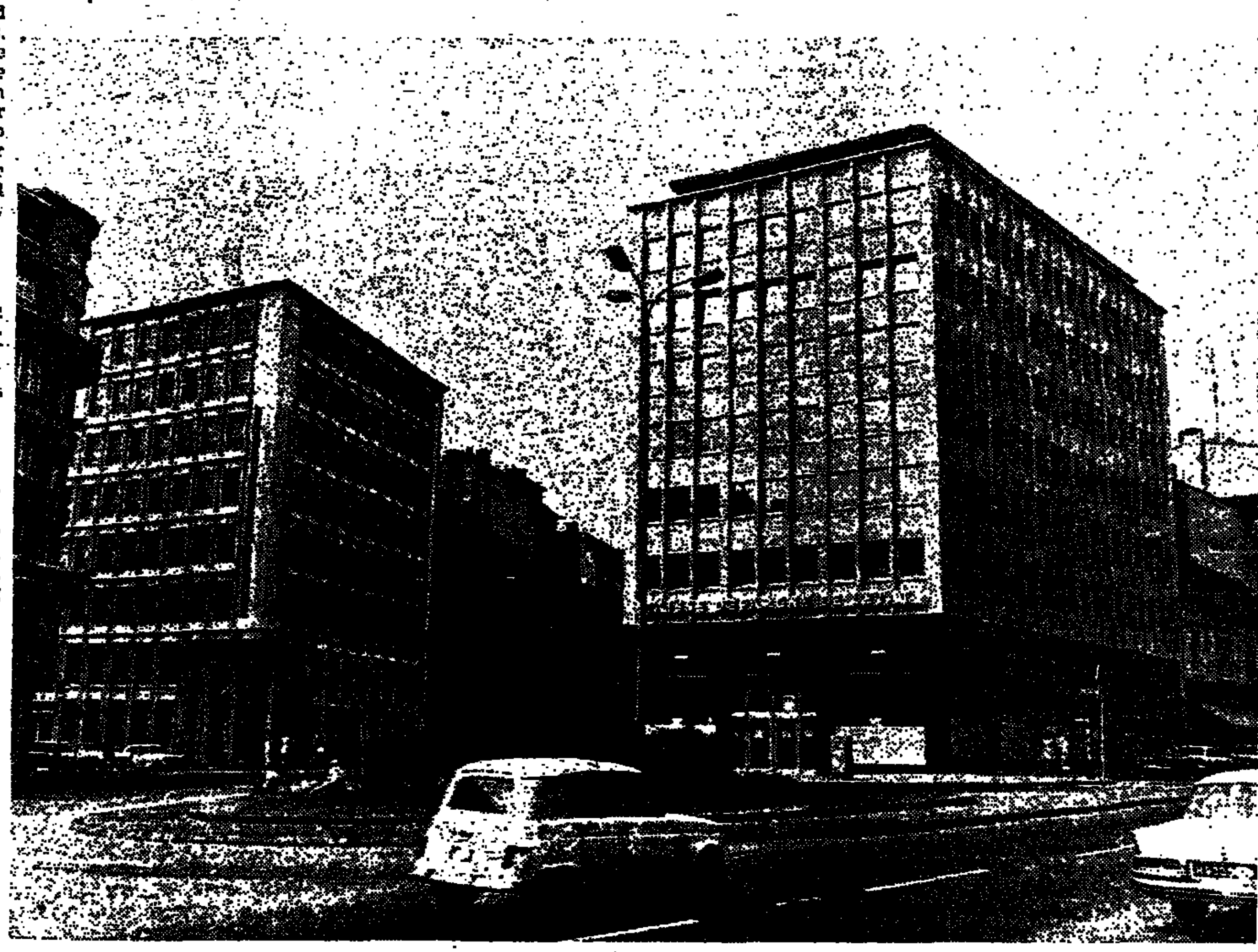
The attraction of the Luxembourg formula is evidenced by the fact that the number of holding companies passed 3,000 early this year, even though the registration duty was trebled from 0.32 per cent. during 1972, on the orders of the Common Market Commission (a 0.1 per cent. stamp duty was suppressed at the same time).

Such a large number of companies clearly provides a vastly important clientele for the Luxembourg banking community. Funding through a Luxembourg subsidiary is particularly attractive for foreign companies because of a complete absence of minimum reserve requirements. A Luxembourg holding company may borrow up to ten times its paid-up capital through bond issues, and onlend the whole proceeds, after charges, to any member of the group to which it belongs. The capital value of Luxembourg-based investment trusts rose to some Lux.Frs.112,000m. at the end of last year, from about Lux.Frs.83,000m. francs a year earlier.

Not surprisingly, the possibility of losing part of this business caused a shockwave of worry through the banking community earlier this year, when the French and German governments pressed for tax reform. But that concern has now evaporated completely. Luxembourg Premier and Finance Minister Pierre Werner stood firm on the principle that there would be no revision of the Luxembourg tax system except within the context of Common Market corporate tax harmonisation—and that is still a long way off.

Luxembourg bankers point out that their country is less of a tax haven than a number of other places, such as the Dutch Antilles. Any move to tighten Luxembourg tax laws would simply send business elsewhere, they argue.

But if Luxembourg is a favourite, it is not simply because of low taxes. It also reflects the high quality of financial service which is available from the banking community; and not least, the convenience of being in the heart of the European Community.



Banking houses in the city's Central Station Square.

Banks and savings banks

Caisse d'Epargne de l'Etat.
Banque Internationale à Luxembourg.
Banque Générale du Luxembourg.
Banque Commerciale.
Crédit Lyonnais.
Crédit Industriel d'Alsace et de Lorraine.
Banque du Benelux-La Luxembourgeoise.
Banque Mathieu Frères.
Caisse Centrale des Associations Agricoles Luxembourgeoises.
Fortuna, Société coopérative de crédit et d'épargne.
Cofhylux.
Caisse Hypothécaire du Luxembourg.
Kredietbank S.A. Luxembourgeoise.
Crédit Européen.
Crégélux.
Compagnie Luxembourgeoise de Banque.
Société Générale Alsacienne de Banque.
Banque Lambert-Luxembourg.
Ingéflux.
Banque de l'Union des Coopérateurs Luxembourgeois.
Banque de Paris et des Pays-Bas pour le Grand-Duché de Luxembourg.
Banque Continentale du Luxembourg.
Banque Troillet à Luxembourg.
Société Bancaire et Financière.
Union de Banques Privées—Unibanque.
Discount Bank (Overseas).
Wells Fargo Bank.
Bank of America.
Commerzbank International.
Banque Privée.
First National City Bank (Luxembourg).
Bank of Boston International.
Compagnie Financière de la Deutsche Bank.
Discount Bank.
Banque de Crédit International Genève.
Deutsche Girozentrale International.
Banque Ameribas.
Herstatt Bank Luxembourg.
Bayerische Vereinsbank International.
Western American Bank (Luxembourg).
Comco International Bank Luxembourg.
Houston International Bank Luxembourg.
Hypobank International.
Vereinsbank in Hamburg Internationale.
BHF-Bank-DGK International.
Bank of Boston.
Berenberg Bank International.
Bank of Credit and Commerce International.
WestLB International.
Trade Development Bank (Luxembourg).
American Fletcher National Bank and Trust Company.
Philadelphia National Bank.
Northwestern National Bank of Minneapolis.
Bank M. M. Warburg-Brinckmann, Wirtz International.
Western Pennsylvania National Bank.
Union de Banques Arabes et Européennes.
Israel Discount Bank.
Hauck Banquiers Luxembourg.
Bank Oppenheim Pierson International.
BfG Bank Luxembourg.
Compagnie Internationale pour le Financement de l'Energie Nucléaire—C.I.F.E.N.
Christiania Bank og Kreditkasse International.
Chase Manhattan Bank Luxembourg.
Bayerische Landesbank International.
Compass Bank.

INVESTMENT BANKS

Banque Populaire Suisse (Underwriters).
Compagnie de Banque et d'Investissement — CBI (Underwriters).
Drexel Firestone International.
Eurocapital.
Société Financière S.E.D.E.

LUXEMBOURG CAPITAL MARKET V

Stock Exchange the main centre for Eurobond dealings

By MARY CAMPBELL

Given the inauspicious date of its foundation—1929—it is hardly surprising that the Luxembourg Stock Exchange owes its present importance to developments since the last war. Indeed, it can only really be dated back to the emergence of the Eurobond market in the early- and mid-1960s.

Since then it has become the closest that there is to a stock exchange for the Euromarkets. Luxembourg's domestic corporate structure has little to offer in terms of share trading. Of the total of 806 securities listed on the Exchange at the end of last year no less than 589 were Eurobonds, while a mere 69 were, on the widest definition, Luxembourg securities (and this figure includes Government and municipal stocks).

The Luxembourg Stock Exchange is also a major centre for the listing of mutual funds: at the end of last year 62 Luxembourg-based mutual funds were listed there and 29 foreign funds. It is interesting to note, however, that the number of funds listed has actually declined recently: the comparable figures for 1970 were 59 Luxembourg and 33 foreign.

The importance of the Eurobond market for the Luxembourg Exchange is also reflected in the low turnover. Because Eurobond investors and dealers are spread widely throughout Europe and elsewhere Eurobonds are therefore traded by telephone and Telex rather than through the Exchange. The volume of turnover on the exchange is very low relative to the number and value of stocks listed. Total value of shares bought during the last financial year was \$30.6m. (though the over-the-counter market in Luxembourg ran at the rate of \$8m. per day). Trading sessions on the floor last only for two hours each day.

In the early stages of the development of the Eurobond market, Luxembourg was an attractive Exchange for listings because of the speed with which they could be accomplished and the flexibility of the publication requirements. The Luxembourg authorities are at pains to point out that all this—except the speed element—has now changed. They maintain that requirements as to prospectuses and publicity—all of which have to be approved by the Commissariat au Controle des Banques to which a lot of additional material also has to be submitted—are now among the most stringent in the world. Just why the Exchange continues to be used as a listing centre is therefore something of a mystery—one authority in Luxembourg at least attributes it to tradition.

Computer system

At all events, the Luxembourg Stock Exchange is doing all that it can to ensure that its role as the main stock exchange for the international capital markets continues in the future. It has agreed to take responsibility for working out and publishing exchange rates against 10 currencies for the Eurco basket of currencies in which the European Investment Bank is currently issuing bonds; the choice of Luxembourg as the site for Cedel has also done much to promote the city's status in the Eurobond market (though Cedel is owned by banks and is not directly linked to the Exchange). Most important of all, it is closely involved with the setting up of a computer-based trading system for the Eurobond market, known as Eurex.

The raison d'etre for the establishment of such a system is the high cost of running a truly international securities trading market. At present, each investor and dealer has to have direct telex and/or telephone lines to the dealers in the market—lines which usually have to cross at least one frontier and often more. It would be much cheaper, it is argued, to have all these lines centralised in one place so that investors and dealers alike only have to have one line in and out where they would be automatically matched by the computer.

So far only the first feasability study has been completed. This was favourable, and last Friday a second feasability study was formally commissioned by some 70 interested institutions. Each institution backing the second study is putting up a maximum of \$1,000 to finance it. To date, the dealing community has mostly held off participating, but the Exchange expects these and other institutions to come in if the second study proves favourable. The second feasability study, like the first, will be carried out by Fiduciaire Générale de Luxembourg (the management consulting firm which studied and implemented the CEDEL clearing system) together with a committee of potential users.

The Luxembourg Stock Exchange, with its ground floor shopping precinct

The main function of Eurex will be the anonymous matching and confirmation of deals and issuing of clearing instructions to either Euroclear or Cedel (the two Eurobond clearing houses) and back office work. It will also, however, provide participants with information such as opening prices, high/low prices, and yields, information which has been notably lacking on an organised basis in the Eurobond market to date.

A company would be set u[...] run Eurex. It would be ov[...] by interested institutions [...] joint venture basis with [...] Luxembourg stock exch[...] which has sponsored the [...]ject, also having a [...] (though, it emphasises, [...] holding will not be bigger [...] that of any other particip[...]

One of the main concer[...] the Luxembourg S[...] Exchange over Eurex [...] security. Plans at this [...] envisage that the Boar[...] Eurex or an internat[...] admission committee [...] examine possible candidate[...] participation, including [...] guarantees and insurance c[...] They also envisage that [...] Luxembourg stock exc[...] would supervise the s[...] after it is set up to ensure [...] no irregular trading pra[...] creep in.

Usage basis

The costs of the system [...] is implemented are likely [...] divided on a usage basis.

There can be little [...] that insofar as any stock m[...] requires a computerised tr[...] system it is the Eurobond [...]ket. The geographical d[...]sion of traders is one re[...] but another is the seem[...] endless round of pro[...] which have faced the seco[...] market—problems which [...] from the fact that the Eur[...] market as a whole is so y[...] and has grown so fast. [...] Eurex system, despite al[...] technical and other diffic[...] which are likely to ari[...] perhaps the most imagi[...] solution which has yet [...] suggested. For this, all [...] to the Luxembourg [...] Exchange.

Mastery in mutual funds

By a Correspondent

Luxembourg has long been known as one of the leading portfolio management centres of Europe. The domestic — or quasi-domestic — banks, like Banque Internationale and Kredietbank Luxembourgeoise themselves manage substantial investment sums on their clients' behalf — exactly how much is a closely guarded secret —as do the foreign banks. But, unlike Switzerland, the reputation of Luxembourg in this field has been built on the mutual funds industry.

Luxembourg's outstanding advantages as a centre for portfolio management are threefold. These are, first, the absence of withholding tax—or, as the Luxembourgers put it, the absence of double taxation on interest and dividends—and secondly, the fact that the Duchy has on its doorstep an avid investing public in the form of the Belgians.

The latter are only too anxious to have their funds managed in Luxembourg because the favourable tax situation does not exist at home, while it is difficult for the Belgian tax authorities to check up on whether even normal income-tax is being paid if the funds are held in a separate country, however close. Legend has it that on coupon or interest payment dates, one post on the Belgian-Luxembourg frontier is left unmanned to let through a scurry of Belgians taking their funds back home.

The third advantage is the liberal holding company legislation.

Tightening up

However, as in other European countries, the investment climate in Luxembourg was hard hit by the IOS and Gramco debacles. Even apart from these, the Luxembourg authorities have been busy tightening up the controls on the mutual fund industry as on the banks and on the listing procedures on the stock exchange. The rate of increase of mutual funds setting up in Luxembourg has recently fallen off sharply, as has the number being listed on the Exchange.

In 1970, there were 59 Luxembourg-based mutual funds quoted on the Luxembourg Bourse; by the end of 1972 there were 62. The number of foreign mutual funds quoted on the bourse actually declined—from 33 to 31—over the same period.

Apart from these a further 34 mutual funds were based in Luxembourg at the end of 1972 and not quoted on the Bourse.

The growth in total value of these funds has also been slower in the past three years than before. Between 1967 and 1969, the assets of all Luxembourg funds multiplied almost five times — from Lux.Frs. 22,681m. to Lux.Frs.97,066m. In 1970 the total actually declined — to Lux.Frs.82,587m. After declining again slightly between 1970 and 1971, assets rose again last year to Lux.Frs. 112,476m. (about \$2,500m., or £1,000m.).

Open and closed

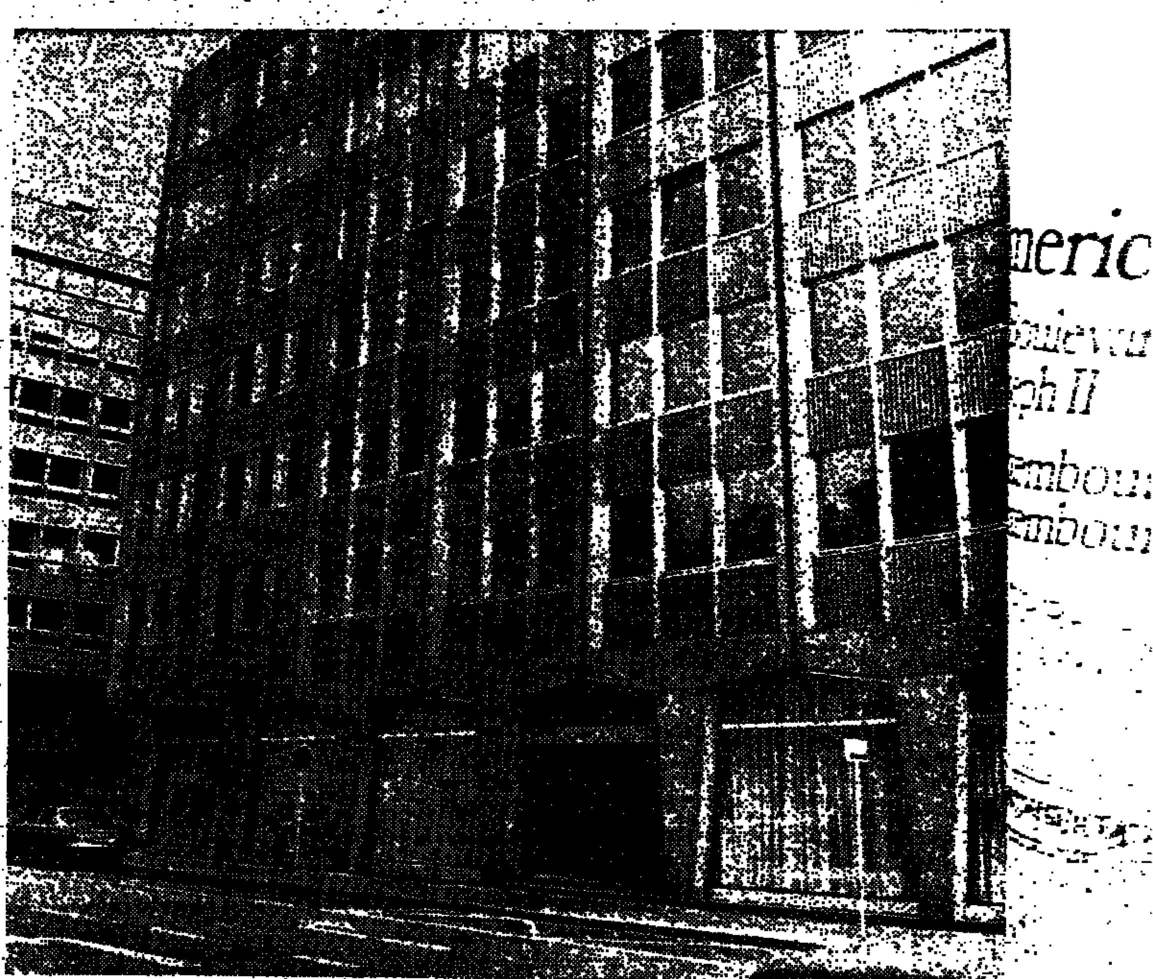
There are broadly two kinds of mutual fund in Luxembourg, the open-ended fund and the closed-end fund. The open-ended fund consists of three entities linked each to the other by management regulations. These are the management company, which has always so far been formed as a "*société anonyme,*" the investment fund itself and the depository bank. In the case of closed-end investment funds, by contrast, the management and investment functions are combined, though a separate "repurchase company" is usually also formed as a subsidiary.

The closed-end investment company has the full benefit of the advantages of being established under Luxembourg holding company law. The only taxes due are the following: a registration tax of 1 per cent. on all the assets brought into the company; an annual subscription tax of 0.16 per cent. calculated after the first year on the average stock exchange price of the shares listed.

The "société d'invéstissment" formula has to date proved more attractive than the "fonds communs de placement." There are a number of restrictions on open-ended funds—they are precluded, for example, from borrowing short- or long-term funds and therefore cannot rely on gearing for the management of the fund's assets.

Very little, if any, of the money managed by any of these funds is invested in Luxembourg itself, except in Eurobonds. Much of the funds is invested in Wall Street—but the names alone of these funds give some idea of their international spread. They include, for example: First Investment American Trust, Intercontinental Technology, Europ-Obligations, Nippon Special Holding, Fonditalia and Fund of Nations—not to mention more romantic titles such as Shareholders Excalibur.

The management of, and advice of the funds is equally international. A number of them are managed or advised by British merchant banks, while investment advice on some funds ranges as far as the Japanese Nikko Securities.



Offices of the Banque Generale

Luxembourg investment funds are subject to a not inconsiderable degree of supervision. As in the case of the banks and disclosure requirements on the stock exchange, the responsibility for overseeing the mutual funds rests with the Commissariat au Controle des Banques. Funds have to submit quarterly reports to the Commissariat, plus very detailed reports semi-annually.

The regulations governing the mutual fund industry in general in Luxembourg were tightened up sharply at the end of last year. All funds based in Luxembourg now have to have reports from independent accountants (to the satisfaction of the Commissariat).

This new regulation has effectively destroyed much of the "off-shore" character of the Luxembourg mutual fund industry, since these regulations apply equally to funds selling in Luxembourg and those which sell only abroad. The future of the Luxembourg mutual fund industry now rests therefore on the favourable tax climate—and, of course, as with so much else in the city, on tradition.

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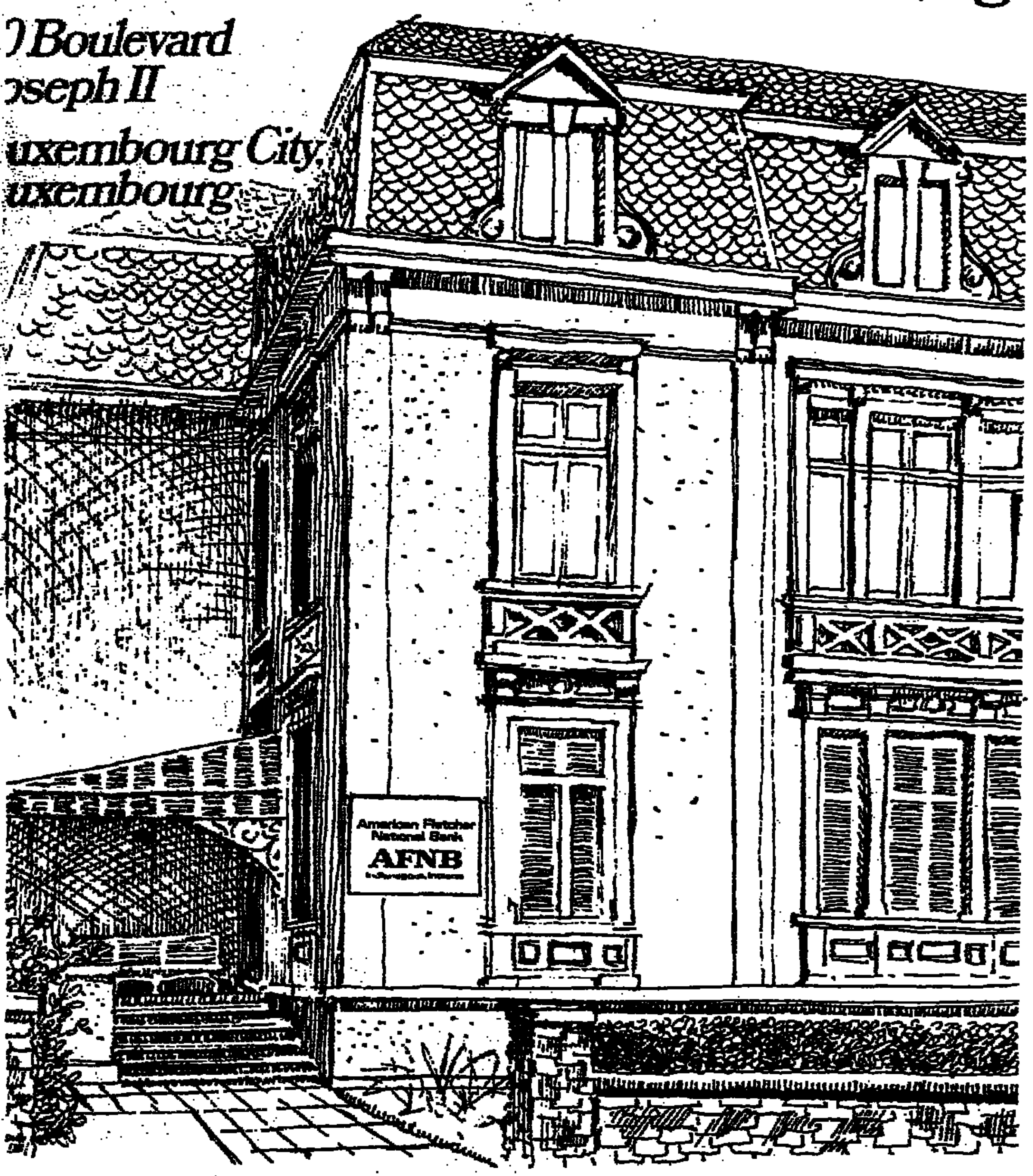

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Jan Scheepstra — Chief Foreign Exchange Dealer

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P.O. Box 1505
Luxembourg - City
Luxembourg

STOCK EXCHANGE DEALINGS from the Official List for Sept. 25

Tuesday, September 25	6,514	Friday, September 21	5,506	Wednesday, September 19	6,510
Monday, September 24	6,090	Thursday, September 20	6,003	Tuesday, September 18	7,558

The list below gives the prices at which bargains done yesterday by members of The Stock Exchange were recorded in The Stock Exchange Daily Official List. Members are not obliged to mark bargains except in special cases, and the list cannot, therefore, be regarded as a complete record of prices at which business was done.

Bargains are recorded in the Official List up to 2.15 p.m. only, but later transactions can be included in the following day's Official List. No indication is available as to whether a bargain represents a sale or purchase by members of the public. Markings are not necessarily in order of execution, and only one bargain in any one security at any price is recorded.

The number of dealings marked in each section follows the name of the section. Unless otherwise denoted shares are £1 fully paid and stock £100 fully paid. Stock Exchange securities are quoted in pounds and fractions of pounds or in new pence and fractions of new pence.

‡ Bargains at Special Prices. Δ Bargains done with or between non-members. Φ Bargains done previous day. ♣ Bargains done for delayed delivery or "no buying-in." $A—$Australian; $B—$Bahamian; $C—$Canadian; $HK—$Hong Kong; $J—$Jamaican; $Ma—$Malayan; $Me—$Mexican; $NZ—$New Zealand; $S—$Singapore; $US—$United States; $WI—$West Indian.

ACTIVE STOCKS

Prices in pence except where otherwise indicated.

Stock	Denomination	No. of marks	Closing price	Change on day	1973 high	1973 low
Fisons	£1	13	333	+19	485	33[illegible]
Grendon	25p	13	293	+16	294	13[illegible]
Cornwall Prop.	5p	12	108	+4½	112½	6[illegible]
ICI	£1	11	242	+1	294	2[illegible]
Courtaulds	25p	9	135	−2	166½	13[illegible]
Raglan Prop.	5p	9	38½	−2½	39½	2[illegible]
Distillers	50p	8	155	−2	173	13[illegible]
GEC	25p	8	149	−2	174	12[illegible]
Rank "A" N/V	25p	8	440	−5	550	3[illegible]
Swan Hunter	£1	8	175	+4	188	14[illegible]
Barclays Bank	£1	7	342	+10	468	33[illegible]
Comm. Union	25p	7	181	+2	230	1[illegible]
HK & Sh'ghai Bk.	$HK2.5	7	265	—	405	2[illegible]
MEPC	25p	7	193	−4	263½	16[illegible]
Shell Transport	25p	7	275	+1	363	27[illegible]

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e) reproduced to-day in Stock Exchange dealings.

Option Report—3-month Call rates

OPTION DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Sept. 25	Oct. 8	Dec. 21	Jan. 8
Oct. 9	Oct. 22	Jan. 10	Jan. 22
Oct. 23	Nov. 5	Jan. 24	Feb 5

Dealers reported a fairly active session for the start of the new Account in the option market. Money was given for the "call" of "Lofs," Amalgamated Investment Property, ZCI, West[illegible] Mining, House of Fraser, Bri[illegible] Leyland, Grendon Trust, De V[illegible] Hotels, Pontin's, Courtau[illegible] I.C.I., Raglan Property, [illegible] Tinto-Zinc, Lesney and Met[illegible] Bank and Commercial were d[illegible] in for the "put", while a dou[illegible] option was arranged in Gr[illegible] Metropolitan warrants.

Industrials		Glaxo	30	Slater Walker	12	**Mines**	
A.P.Cement	16	Grand Met.	10	Spillers	6	Anglo Amer.	
Assoc. Leisure	4	G.U.S."A"	23	Tesco	6	Broken Hill Prop.	
Barclays Bank	20	Guardian	29	Thorn 'A'	24	Cast	
Beecham	20	G.K.N.	13	Tube Invest.	30	Charter Cons.	
Boots Drug	17	Hawker Sidd.	30	Unilever	23	Charterhall Fin.	
Bowaters	12	I.C.I.	11	Utd Drapery	10	Cons. Gold	
B.A.T.	16	"Imps"	5½	Vickers	9	De Beers Def.	
British Leyland	2½	I.C.L.	11	Woolworths	7	F. S. Geduld	
British Oxygen	6	Inveresk Paper	4			Great Boulder	
Burton 'A'	20	Jessel Sec.	9	**Property**		Hampton Areas	
Cadbury's	6	Legal & General	20	Cap Counties	11	Hampton Props.	
Cannon St.	7	Lloyds Bank	20	Land Securities	15	Kloof	
Courtaulds	8	"Lofs"	10	Peachy	12	Lonrho	
Debenham	10	"Mams"	13	Star Gt. Britain	13	Loraine	
Distillers	10	Marks & Spencer	12	Town & City	13	Metals Explor.	
Dunlop	8	Marsh (L.)	9	Town & Comm.	15	Poseidon	
Eldridge Stleid	5	Midland Bank	20			Pres Steyn	
E.M.I.	13	Natl. West Bank	20	**Oils**		Rio T. Zinc	
First National	7	P & O Dfd.	25	Brit. Petroleum	21	Welkom	
G.R.A. Trust	8	Plessey	9	Burmah Oil	21	West Areas	
Gen. Accident	15	R.H.M.	6	Oilsearch	3	Western M'ng	
Gen. Electric	9	Rank Org."A"	35	Shell	18	Zambia Copper	
		Reed Intl.	25	Ultramar	18		

REGIONAL MARKETS

Prices in pence and denominations of 25p unless otherwise stated

BELFAST

B'fast 6¾/80	£68	......
Finlay Pkg. 5p	26	......
Hughes(B) (£1)	130	......
N.Irish Sc't Inv	40	......

IRISH EXCHANGE

Axeq. 6% 80/85	£67.22	......
Alliance Gas £1	91	......
Carroll (P.J.)	150	......
Conc. Prod. Ire.	155	......
Clondalkin	69½	......
Goodbody (£1)	105	......
Heiton (Hldgs)	70	......
Irish Distillers	94	+1
Irish Wire Bd.	96	......
Jacob	70	......
Smith Grp 10p	41	......
Sunbeam	53	......
Unidare	76	......

MIDLANDS & WESTERN

Bham Post A.	57½	......
Reons 10p.	32½xd	......
Evans FW 10p	34½	......

Everard	39½xd	......
Fr'st&Reed 50p	245	......
Gardiner £1	67½	......
Graig Sh'p (£1)	760	......
Hal'mSl'gb 10p	19½	......
Kleen-e-ze	57	......
Lovell'sShip £1	200	......
Pearce C. H.	125	......
Siddall (Wm)	112	......
Vincent (H)	122½	......

NORTHERN EXCHANGE

Albany Inv 20p	24½	......
Ash Spinning	53	−2
Booth Chas 10p	18½	......
Brady (G) 'A'	75	......
Brig'wrkst 50p	343	−2
Brt Nth'p (50p)	90½	......
Bury Ring (20p)	23½	......
Clover Croft	52	−2
Dyson R. A. 'A'	65	......
Ellen road	61	......
Eng Nat Inv Pv	30	......

Gardner (L.)	146	......
Hartl'y Ind 20p	40	......
Higsons Brew.	128	......
Holt Joseph 25p.	125	......
I.O.M. Stm £1	154½	......
Ketton Cem £1	925	......
ManCanal £1	291	......
Nichols Vim.	116	......
Nthn Gld'mth.	129½	......
P.M.A.	151	......
Peel Mill	28	......
Sayers Con 12½p	43	......
Shiloh Spinn	34½	......
Swan Lan 33p.	36½	......
Turn'r Rut 20p.	75	......
Wood (Ed.)	20½	......
Worldw'nHl2p	43	......

SCOTTISH EXCHANGE

Craig & Rose £1.	425	......
Hill (L) Weir	82½	......
Lees (J.J.) (10p)	34½	......

MONEY MARKET

Large assistance

Bank of England Minimum Lending Rate 11¼% (since July 27, 1973)

Day-to-credit was in short supply in the London money market yesterday, and the authorities gave a large amount of assistance, by buying Treasury bills from the banks and Discount houses, and bank bills from the houses. Conditions were again unsettled, with early expectations as to the relationship of Government disbursements to revenue transfers to the Exchequer not being realised. Whereas a fair flow of money into the market had been expected to begin with on revenue-disbursements account, the surplus appearing in the event was modest. Various factors weighed against the market's favour, including gilt-edged settlements, official holdings of maturing bank bills, a rise in the note circulation and a shortage carried over by the banks from Tuesday. The identified factors in the end, however, suggested a necessity for official help somewhat smaller than that given.

Rates for secured call loans again appeared to differ widely from Discount house to Discount house, and while the rate for such funds was in a range for the day of about 9½ per cent. to 11½ per cent., a level of 9½ per cent. was a common early bid, while 9½-10½ per cent. was quoted in a number of places towards the end. In the inter-bank market, overnight loans were at 11 per cent. in places to start with, but touched 13 per cent. or so in the late stages, before ending at about 12 per cent.

Short-term fixed period rates in the various sectors of the market showed modest adjustments in general, though at the very short end, a particularly firm tendency was noticeable. The three-month sterling certificate yield ended at 13⅝-13½ per cent., against the previous 13¼-13½ per cent.

Rates in the table below are largely nominal.

Sept. 25 1973	Sterling Certificates of deposits	Inter-bank	Local Authority deposits*	Local Auth. negotiable bonds	Finance house deposit	Company deposits	Discount market deposits	Treasury bills ф	Bank bills ф	Fine trade bills ф
Overnight	—	11-15	11-11½	—	—	—	9½-11½	—	—	—
2 days notice	—	—	11¾-12¼	—	—	—	—	—	—	—
7 days or 7 days notice	—	11½-11⅞	11⅞-12⅛	—	12	—	9¾-11	—	—	—
One month	12⅝-12⅞	12⅛-12⅝	12-12¼	12¼-11½	12⅝	—	10¾-11	10⅛-11	12¼-12⅝	12-15
Two months	13⅛-12⅞	12¾-13	—	12⅝-12¼	13⅛	—	11-11¼	10⅞-11⅛	12⅜-12⅝	12-15
Three months	13⅝-13⅛	13⅛-13⅝	13⅛-13¼	13¼-12½	13⅜	—	11¼-11½	11-11⅛	12⅜-12¼	13⅛-15
Six months	13⅞-13⅝	13⅜-13½	13⅜-13⅛	13½-12¾	13½	—	11¼	—	12⅞-14	13½-15
Nine months	13⅞-13⅜	13⅜-13⅞	—	13⅛-12¾	13⅝	—	—	—	—	—
One year	13⅞-13⅝	13⅜-13⅞	13¾-13⅞	13¼-12¾	13⅞	—	—	—	—	—
Two years	13⅛-12⅞	13-13¼	13-13¼	13-12	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. * Long-term local authorities mortgage rate nominally 12½-13 per cent. for three years; 12½ per cent. for four years; and 12¾ per cent. for five years. ф Bank bill rates in table are buying rates for prime paper; buying rate for four-month bank bills about 12¾-13¼ per cent.; and four-month trade bills 13½ per cent. Approximate selling rate for one-month Treasury bills 10⅝ per cent.; for two-month 10¾ per cent.; and for three-month 10¾ per cent. Approximate selling rate for one-month bank bills 11½-12 per cent.; two-month 12⅛ per cent.; and for three-month 12⅛-12½ per cent. Approximate selling rate for one-month trade bills 11½-13 per cent., two-month 12½-13 per cent.; three-month 12¾-13 per cent.

Finance House Base Rate (published by the Finance Houses Association) 12 per cent. from September 1. Clearing Bank Deposit Rates for small sums at seven days' notice 9½ per cent. Clearing Bank Base Rates for lending 11 per cent.

Treasury Bills: Average tender rate of discount 10.9626 per cent.

Deposit Account: Deposit earned a rate of 10½ per cent. in the April-June quarter if withdrawn within that quarter. 3 per cent. if not, in the July-Sept. quarter interest accrued at a rate of 7.33 per cent. for deposits withdrawn within that quarter, and if not so withdrawn, at a rate to be fixed at the end of the quarter (by averaging the Treasury bill rate for the period). Bonus rate 2.5 per cent.

BANK BASE RATES

Allied Irish Banks Ltd.	11 %
Anglo-Eastern Bank ...	11½%
Anglo-Portuguese Bank	11 %
Audley Holdings Ltd.	11 %
Banco de Bilbao	11 %
Bank of Cyprus	‡11½%
■ Wm. Brandt's	11 %
Brit. Bk. of Commerce	12 %
Brit. Bank of Mid. East	11 %
■ Brown Shipley	11½%
Cedar Holdings	11 %
■ Charterhouse Japhet ...	11 %
Choulartons	11 %
C. E. Coates	11½%
Consolidated Credits ...	11 %
Co-operative Bank	*11 %
Corinthian Securities ..	11 %
Credit Lyonnais	11 %
G. R. Dawes	11 %
Dawnay Day	11½%
Duboff Brothers	11 %
Dunbar & Co. Ltd. ...	11½%
Duncan Lawrie	11 %
English Transcont. ...	11 %
First Maryland	12 %
FNFC	11½%
■ Antony Gibbs	11½%
Gresham Trust	11½%
Greyhound Guaranty ..	11 %
■ Guinness Mahon	11 %
■ Hambros Bank	11 %
Hawtin & Partners ...	11 %
■ Hill Samuel	§11 %
C. Hoare & Co.	†11 %
Julian S. Hodge	11½%
Italian International ...	11½%
Jacobs, Kroll	11½%
Keyser Ullmann	11 %
Kinghurst Securities ...	11½%
London & County Sec	11½%
London Mercantile ...	11½%
■ Samuel Montagu	11 %
Moorgate Mercantile ...	11 %
■ Morgan Grenfell	11 %
Morris Wigram Ltd. ...	11½%
Northern Comm. Tst.	12 %
Portman Guaranty ...	12 %
■ Rea Brothers	11½%
P. S. Refson & Co. ...	11 %
■ N. M. Rothschild	11 %
St. Mary Axe Finance	11½%
E. S. Schwab	11 %
Security Tst. Co. Bhm.	11½%
Standard Guarantee ...	11½%
Sterling Credit	11½%
Sterling Industrial Sec.	11½%
Swiss-Israel Trade Bk.	11 %
Twentieth Century Bk.	11 %
Wallace Bros. Sassoon	11½%
Whiteaway Laidlaw ...	11 %
G. T. Whyte	11 %
Wintrust	12 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 9½%; 1-month 9½% £10,000 and over, 9½% below.
† 7-day deposits—£10,000 and under 9½%; up to £25,000 9½%; over £25,000 10%.
§ Demand Deposits 10% £10,000 and over. 9½% under £10,000.
‡ Linked to M.L.R.

PUBLIC NOTICES

GLASGOW CORPORATION is issuing today £1.5m. Bills at 10 3-64ths% per annum maturing 27th December, 1973. Applications totalled £12m. The total amount of Bills outstanding is £14m.

SPECIAL LIST

SEPTEMBER 25 (3)

RULE 163 (1) (e)

Bargains marked under Rule 163 (1)(e) in securities for which quotation has not been granted and which are not recorded in the Official List.

SEPTEMBER 25

NEW "HIGHS" AND "LOWS" FOR 1973

The following securities (number in parentheses) among those quoted in the Share Information Service yesterday attained new "highs" and "lows" for 1973.

NEW "HIGHS" (31)

NEW "LOWS" (46)

CORAL INDEX

Close 421-426

Following are the Dealing Prices for 25th September, in Gibraltar

AUSTRALIAN DOLLAR SECURITIES	$A124
GIBRALTAR INV. TRUST	154p xd
GIBRALTAR INV. TRUST	147p
... FUND	76½-80½p
SPECIAL FUND	100p

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	45	1	3
Corpns., Dom. and Foreign Bonds	41	2	41
Industrials	354	205	1,201
Financial and Prop.	218	70	342
Oils	10	5	18
Plantations	5	14	37
Mines	22	51	88
Recent Issues	8	3	17
Totals	703	351	1,837

U.S. rice supplies tight

WASHINGTON, Sept. 25.

RICE supplies will remain tight despite the larger crop harvested this year, the Department of Agriculture said.

In a summary of its rice situation report to be published on October ..., it said, however, that although stocks would continue at a low level, by next July 31 they would increase to about ... cwts. compared with 5.1m. cwts on August 1, the lowest in a decade.

This year's crop expected at 98.4m. cwts. compared with ...2m. last year, available supplies for the 1973-74 season increase to 104.5m. cwts. from ...1m. last season, despite reduced carry over stocks.

The Department predicted that domestic use in the new season would increase moderately to 37.2m. cwts. from 35.8m. last season. At the same time it expects overseas demand to remain strong, resulting in exports of about 58.1m. cwts. compared with 54.0m. in the past season.

It estimated that world 1973-74 production would approach the record 1971-72 level of nearly 300m. metric tons. But demand was rising too as a result of the increased population and income growth.

Reuter

CAMBRIAN AIR SERVICES RESUME

Cambrian Air Services from Liverpool were resumed yesterday following settlement of a ground staff's token strike over a demand for taxis for early shift workers.

SHARE INFORMATION SERVICE: NOTES

Unless otherwise indicated prices are in pence and denominations are 25p and yields are in net percentage terms. Estimated price/earnings ratios and covers adjusted to corporation tax of 50 per cent. on imputation system effective ... P/Es calculated on "net" ... bracketed figures indicate 10 per cent. or more difference if calculated on "nil" earnings. Covers are based on "full" earnings. Yields based on middle prices are gross, adjusted for value of declared distributions and rights. Highs and lows marked thus have been adjusted to allow for rights issues for cash. Interim (or quarterly) since increased or resumed. Interim (or quarterly) since reduced, passed or deferred. Tax-free to non-residents: net dividends paid. Interim report awaited. Banks and Insurances: reserve allocations may preclude calculations of dividend cover. Flat rate of conversion. Assumed dividend after pending scrip and/or rights issue; cover relating to ...

♥ Excluding a final dividend declaration. ✠ Regional price. ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k After local taxes. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividends and yield exclude a special payment. t Indicated dividend; cover relates to previous dividend, p/e ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yields allow for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: cover does not apply to special payment.

A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Figures based on prospectus or other official estimate ...

Heron 51% of £1m. venture

HERON CORPORATION and Lloyds and Scottish have formed Heron Lloyds and Scottish Finance, with a starting paid up capital of £1m. Heron Corporation owns 51 per cent. of the company and Lloyds and Scottish the remainder.

The company, to be based at Heron's headquarters in London, has been set up to finance major commercial, industrial and residential property schemes in the U.K. It will also consider giving backing to projects not connected with property.

Loans will mainly be made on a short to medium term basis. Security will be by first mortgage, and depending on the nature of the loan further securities may be sought.

Printers fight EEC tax change plan

FINANCIAL TIMES REPORTER

THE British Federation of Master Printers is urging the Chancellor of the Exchequer not to accept an EEC proposal which it claims would cause the end of zero rating for Value Added Tax for certain goods.

In a letter sent to Mr. Anthony Barber yesterday, the federation expresses its concern over proposals for tax harmonisation contained in the EEC's draft sixth directive.

The Federation claims this directive would have the eventual effect of preventing the zero rating of books, newspapers and periodicals, as well as food, in the U.K.

It argues that the British system was adopted after careful study of the alternatives and was an attempt to avoid the undesirable features of other systems employed on the Continent.

Britain's decision had been taken in the full knowledge of practices in other countries, and the grounds for zero rating some goods were as valid now as they were then.

The federation is also making direct representation to the International Master Printers Association. It is suggesting that the association should press the European Commission to accept the zero rating of books, periodicals and newspapers throughout the EEC rather than try to change the U.K. system.

AA appeals against tax on subscriptions

THE Automobile Association yesterday appealed to the Value-Added Tax Tribunal in London against a decision by the VAT Commission that the tax should be charged on all members' subscriptions.

In June the commission stated that because the annual subscription was a right to membership of the AA, it was subject to the tax. However, in London yesterday Mr. Peter Whitworth, for the AA, maintained that the subscription was payment for books and the provision of various services and was not liable to VAT.

A service

Mr. Whitworth told the tribunal the AA did not carry on a business in the accepted sense, but provided a service to members.

"In so far as we supply anything in the course of this business, it can only be to members as such. The AA's business is not the supply of membership but the carrying out of various services for its members."

The commission maintained that the subscription was a consideration of membership.

"We say that distinction is wholly artificial and completely contrary to the plain terms of the legislation," Mr. Whitworth stated.

Levying tax on subscriptions meant that VAT was being paid on the AA handbook and other books, which under normal circumstances would be zero-rated.

Mr. Whitworth said that in many cases the tax would have to be paid twice if the subscription was not exempt, once on the subscription and once when any service was rendered.

Putting the case for the commission, Mr. Jarlath Finney said that whatever one would like to interpret or try to read into the legislation it had to be taken exactly as it was written or else it would be made a nonsense of.

If any ordinary man was asked what he paid his subscription for he would say to be a member, not to get free books and handouts, and free telephone breakdown services.

The tribunal adjourned until to-day.

Heath in need of holiday, says Liberal leader

MR. JEREMY THORPE, Liberal leader, yesterday hit back at the Prime Minister for his criticisms of the Liberal Party.

He said: "I do not underestimate the appalling demand made on any Prime Minister. But Mr. Heath's speech underlines how necessary it is for a Prime Minister to take a proper annual holiday. To date Mr. Heath has not done so—it is in the nation's interest that he should do so."

Mr. Thorpe was speaking at a Press conference on a morale-boosting visit to Hove, Sussex, where the Liberals are fielding a candidate at the forthcoming by-election.

On the prospects at Hove, which the Conservatives won with an 18,648 majority in a straight fight in 1970, Mr. Thorpe believed that Liberals had a 50-50 chance of winning.

Earlier he was almost contemptuous of the Prime Minister's speech on Monday in which Mr. Heath claimed that the output of the Liberal assembly at Southport was a "pleasant purr of platitudes."

With undisguised disdain he said: "Yesterday's speech by the Prime Minister merits sympathy rather than seriousness.

"In a three-point speech he praised the Government's record, pours scorn on the electorate for being ungrateful to him, and castigates Liberals for having no policies or alternatively for having impractical policies.

"His complacency about the Government's strategy has been exploded by none other than the head of his own Central Policy Review Staff, Lord Rothschild, with the blunt prophecy that if we carry on as we are, in 12 years' time Britain will be one of the poorest nations in Europe."

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and The Faculty of Actuaries.

EQUITY GROUPS — GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section.

	Equity groups	Tues. Sept. 25 Index No.	Day's Change %	Est. Earnings yield % (full)	Gross Div. yield %	Est. P/E Ratio (net)	Est. P/E Ratio (nil)	Mon. Sept. 24 Index No.	Fri. Sept. 21 Index No.	Thurs. Sept. 20 Index No.	Wed. Sept. 19 Index No.	Year ago (approx.) Index No.	1973 High	1973 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (185)	160.24	+0.3	10.77	4.39	12.84	12.83	159.68	159.16	158.94	159.36	171.38	186.03 (17/1)	153.79 (6/9)	206.37 (4/10/72)	82.82 (25/6/66)
2	Building Materials (29)	163.23	+0.2	12.38	4.43	11.06	11.06	161.93	162.57	162.73	162.95	184.71	196.69 (2/1)	157.90 (12/9)	233.84 (2/5/72)	85.01 (25/6/62)
3	Contracting, Construction (22)	276.83	+0.6	11.46	2.98	12.33	12.29	275.19	273.88	276.55	276.00	328.72	348.47 (17/1)	263.95 (6/3)	389.33 (19/5/72)	84.39 (27/6/66)
4	Electricals (17)	283.79	+0.4	10.27	3.62	13.31	13.31	282.75	279.42	277.64	279.81	277.15	307.90 (9/1)	258.46 (4/9)	350.04 (4/5/72)	84.71 (25/6/62)
5	Engineering (Heavy) (15)	177.34	+0.5	11.53	4.38	11.44	11.44	176.52	176.44	175.81	177.07	156.43	202.57 (8/6)	163.41 (5/3)	202.57 (8/6/73)	151.45 (28/9/72)
6	Engineering (General) (65)	133.17	+0.3	10.49	5.31	13.31	13.31	132.76	132.04	132.86	132.12	144.90	158.64 (2/1)	128.16 (11/9)	168.59 (4/5/72)	128.16 (11/9/73)
7	Machine and Other Tools (13)	57.88	+0.3	4.90	6.77	35.61	32.72	57.68	57.51	57.25	57.31	59.15	67.88 (2/6)	56.13 (6/9)	136.70 (4/7/66)	43.88 (6/3/71)
8	Miscellaneous (24)	145.32	+0.5	9.49	4.27	14.75	14.72	144.66	144.64	144.36	144.86	153.17	173.76 (11/1)	141.59 (12/9)	177.41 (27/4/72)	69.01 (8/11/66)
9	CONSUMER GOODS (DURABLE) (59)	168.65	+0.3	11.43	3.67	12.14	12.11	168.18	168.14	167.76	167.84	193.10	210.88 (11/1)	163.78 (5/9)	227.78 (21/4/72)	79.16 (20/6/62)
10	Lt. Electronics, Radio TV (14)	203.49	+0.6	8.94	2.22	15.58	15.60	202.23	201.86	200.87	200.80	224.29	251.93 (11/1)	187.21 (11/5)	257.41 (19/5/72)	71.10 (16/1/68)
11	Household Goods (16)	204.86	+0.2	13.97	4.08	9.89	9.83	204.38	204.29	204.09	203.99	224.36	237.99 (2/1)	198.60 (5/9)	263.22 (4/5/72)	86.65 (26/6/62)
12	Motors and Distributors (29)	93.67	−0.2	14.13	5.66	9.80	9.80	93.87	94.08	94.18	94.38	115.39	122.75 (17/1)	93.52 (6/9)	170.59 (15/1/69)	75.92 (24/10/62)
13	CONSUMER GOODS (NON-DURABLE) (170)	170.37	+0.1	10.00	4.28	13.80	13.69	170.14	169.95	169.75	170.18	202.00	212.15 (2/1)	163.43 (5/9)	226.08 (16/8/72)	83.71 (8/11/66)
14	Breweries (16)	196.02	−0.3	10.13	4.45	14.11	14.11	196.64	197.25	196.06	195.87	250.29	265.23 (2/1)	187.61 (27/7)	281.87 (28/11/72)	80.30 (30/6/65)
15	Wines and Spirits (8)	195.18	+0.5	9.40	4.33	15.02	15.02	194.12	194.03	193.00	191.60	210.34	216.12 (17/1)	174.44 (11/7)	257.40 (13/7/72)	118.78 (15/6/70)
16	Entertainment, Catering (16)	222.18	+0.6	10.26	4.59	13.33	13.30	220.80	219.27	218.86	219.83	279.11	323.23 (19/7)	204.05 (6/9)	329.99 (12/12/72)	30.11 (23/7/62)
17	Food Manufacturing (24)	151.30	+0.5	11.12	4.39	12.33	12.33	150.59	150.21	151.51	151.14	181.43	187.87 (2/1)	146.91 (5/9)	211.68 (1/6/72)	95.98 (15/6/70)
18	Food Retailing (18)	157.07	−0.2	8.18	3.07	17.46	17.46	157.40	157.91	158.01	158.54	202.11	217.48 (2/1)	151.08 (27/7)	255.08 (15/8/72)	94.62 (25/6/70)
19	Newspapers, Publishing (16)	220.11	−0.3	11.59	3.99	12.24	12.24	220.84	219.68	222.28	223.27	229.34	260.29 (18/1)	216.08 (12/9)	260.29 (18/1/73)	81.74 (6/6/62)
20	Packaging and Paper (15)	100.95	−0.1	11.21	5.39	12.22	12.19	101.05	100.93	101.16	100.89	118.37	126.47 (2/1)	95.32 (12/9)	135.69 (28/4/72)	87.91 (25/6/62)
21	Stores (28)	157.83	+0.2	8.36	3.50	17.07	17.06	157.59	157.14	156.21	157.33	181.86	186.50 (2/1)	148.34 (9/5)	204.39 (16/8/72)	72.74 (8/11/66)
22	Textiles (20)	168.10	—	13.54	5.49	8.69	8.11	168.13	167.34	167.60	168.16	204.23	213.80 (2/1)	161.55 (6/9)	253.72 (17/9/68)	89.90 (20/7/62)
23	Tobacco (3)	241.81	—	11.68	6.60	11.91	11.86	241.83	243.92	243.80	245.31	275.93	289.66 (2/1)	236.48 (6/9)	339.16 (2/8/72)	94.34 (13/6/62)
24	Toys and Games (6)	67.86	+0.8	11.52	3.24	12.12	12.12	67.30	66.82	66.56	66.53	66.28	80.79 (15/1)	61.76 (24/8)	135.72 (16/1/70)	44.90 (9/9/71)
	OTHER GROUPS															
25	Chemicals (22)	159.48	+0.3	8.34	4.64	16.59	16.56	159.02	159.05	158.41	158.69	181.13	191.47 (17/1)	155.24 (4/9)	201.92 (31/1/69)	93.29 (25/6/62)
26	Office Equipment (10)	185.49	+0.3	5.51	2.29	23.93	23.93	184.96	180.84	179.22	179.31	224.75	227.62 (9/1)	163.93 (21/5)	246.06 (1/9/72)	109.12 (28/5/70)
27	Shipping (10)	481.94	+0.8	7.88	3.64	15.07	13.56	478.23	473.15	461.82	456.50	479.80	515.97 (19/1)	420.07 (6/9)	517.00 (5/12/72)	90.80 (29/6/62)
28	Miscellaneous (41)	196.54	—	9.62	3.92	14.61	14.59	196.63	195.19	194.98	195.84	228.27	242.39 (17/1)	188.32 (5/9)	258.83 (2/5/72)	76.52 (6/11/66)
29	INDUSTRIAL GROUP (497)	171.63	+0.2	9.88	4.16	13.95	13.85	171.16	170.65	170.24	170.58	196.22	207.00 (2/1)	164.67 (5/9)	220.17 (1/5/72)	120.51 (2/3/71)
30	Oil (3)	268.80	+0.2	5.61	4.58	23.65	17.85	268.59	267.96	269.26	267.22	295.30	328.39 (15/1)	264.25 (4/9)	431.66 (29/5/69)	87.23 (29/6/62)
31	500 SHARE INDEX	180.01	+0.2	9.36	4.22	14.68	14.24	179.63	179.13	178.85	179.00	204.88	217.40 (15/1)	173.51 (5/9)	227.98 (15/8/72)	84.86 (29/6/62)
32	FINANCIAL GROUP (101)	181.39	+0.6	—	3.37	—	—	180.36	179.78	180.04	180.58	204.85	230.42 (9/1)	173.05 (6/9)	241.41 (31/4/72)	69.83 (30/8/68)
33	Banks (6)	193.90	+1.8	13.84	3.24	10.22	10.22	190.50	191.05	191.57	193.42	232.16	269.62 (9/1)	189.81 (6/9)	288.33 (20/7/71)	69.25 (16/6/64)
34	Discount Houses (8)	172.69	+2.8	—	6.79	—	—	168.04	168.18	168.48	169.67	229.31	258.57 (23/6)	167.32 (7/9)	293.15 (2/5/72)	87.65 (18/8/68)
35	Hire Purchase (5)	306.08	+0.3	11.19	4.12	12.69	12.69	305.05	306.15	305.19	306.61	366.09	374.92 (9/1)	288.83 (7/9)	433.72 (4/5/72)	80.02 (3/8/65)
36	Insurance (Life) (9)	141.92	+1.3	—	3.80	—	—	140.11	139.24	139.39	139.30	174.15	186.26 (2/1)	128.52 (6/9)	194.46 (15/3/72)	61.35 (30/8/68)
37	Insurance (Composite) (8)	112.27	+0.5	—	4.54	—	—	111.72	110.61	111.17	112.21	130.44	141.37 (9/1)	102.16 (6/9)	155.76 (21/4/72)	54.40 (16/6/65)
38	Insurance (Brokers) (8)	205.82	—	7.73	3.57	18.29	18.29	205.82	205.94	205.31	204.89	220.09	249.06 (2/1)	190.98 (22/8)	262.37 (12/12/72)	82.69 (24/7/68)
39	Merchant Banks (18)	191.88	−0.6	—	2.88	—	—	192.99	192.55	191.77	191.07	208.42	253.12 (9/1)	184.86 (6/9)	278.57 (1/5/72)	50.47 (16/7/65)
40	Property (29)	284.14	−0.4	3.63	2.17	37.10	36.43	285.26	283.61	283.96	282.94	274.32	310.44 (2/1)	222.63 (2/3)	324.22 (26/4/72)	56.01 (23/4/65)
41	Miscellaneous (10)	187.88	—	9.92	4.65	14.30	14.30	187.82	186.98	187.88	187.28	232.74	281.14 (17/1)	174.94 (6/8)	303.13 (18/5/72)	120.06 (31/12/70)
42	Investment Trust Group (50)	179.58	+1.0	3.19	3.21	31.45	31.32	177.73	177.16	176.87	175.28	209.09	226.13 (18/1)	171.91 (12/9)	246.79 (25/4/72)	80.84 (26/6/62)
43	ALL-SHARE INDEX (651)	179.05	+0.3	—	3.98	—	—	178.47	177.96	177.73	177.92	203.72	219.02 (10/1)	172.39 (5/9)	228.18 (1/5/72)	85.72 (25/6/62)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (10)	404.48	−0.3	4.94	4.51	26.95	21.58	441.85	436.50	436.50	435.10	305.31	555.37 (23/7)	415.62 (28/1)	555.37 (23/7/73)	84.68 (25/8/65)
45	Teas (10)	102.71	−0.9	3.18	8.56	48.63	36.67	103.61	103.61	103.76	104.20	98.96	120.92 (15/1)	102.71 (25/9)	121.47 (1/5/72)	59.96 (14/11/66)
46	Coppers (4)	373.27	−2.0	26.54	10.78	3.77	3.77	380.87	379.17	380.81	375.92	398.99	567.78 (13/7)	350.66 (5/3)	567.78 (13/7/73)	94.08 (29/4/62)
47	Mining Finance (11)	101.50	−0.1	5.66	5.03	19.00	18.83	101.41	103.31	102.80	102.37	118.36	127.69 (26/7)	99.59 (12/9)	175.90 (28/4/69)	70.93 (2/11/71)
48	Tins (8)	91.15	—	7.80	7.03	17.23	13.84	91.15	91.15	90.95	90.83	96.52	125.34 (12/1)	85.67 (12/9)	125.34 (12/1/73)	54.83 (22/5/71)

FIXED INTEREST

		Tues. Sept. 25 Index No.	Yield %	Mon. Sept. 24	Fri. Sept. 21	Thurs. Sept. 20	Wed. Sept. 19	Tues. Sept. 18	Mon. Sept. 17	Fri. Sept. 14	Year ago (approx.)	1973 High	1973 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	11.39	11.52	11.58	11.57	11.57	11.57	11.63	11.49	9.50	—	—	—	—
2	20-yr. Govt. Stocks (6)	62.05	‡10.62	61.55	61.47	61.49	61.61	61.55	61.37	61.27	75.07	74.22 (23/1)	61.00 (13/3)	118.42 (11/9/63)	61.00 (13/9/73)
3	20-yr. Red. Deb. & Loans (15)	60.53	‡12.27	60.45	60.43	60.43	60.47	60.47	60.54	60.76	71.31	72.05 (22/2)	60.34 (17/3)	113.43 (25/10/63)	60.34 (17/9/73)
4	Investment Trusts Prefs. (15)	53.74	12.53	53.74	53.74	53.74	53.23	53.23	52.89	52.93	73.21	69.76 (15/1)	52.81 (11/9)	114.41 (13/9/63)	52.81 (11/9/73)
5	Coml. and Indl. Prefs. (20)	68.01	11.46	67.49	67.48	67.49	67.45	67.40	66.90	67.10	77.68	77.33 (3/1)	66.90 (17/9)	114.41 (7/10/63)	66.90 (17/9/73)

Section or Group	Base Date	Base Value
Engineering (Heavy)	31/12/71	153.84
Engineering (General)	31/12/71	153.84
Food Manufacturing	29/12/67	114.13
Food Retailing	29/12/67	114.13
Insurance Brokers	29/12/67	96.67
Mining Finance	29/12/67	100.00
Wines and Spirits	16/1/70	144.76
Toys and Games	16/1/70	135.72
Office Equipment	16/1/70	162.74
Industrial Group	31/12/70	120.06
Miscellaneous Financial	31/12/70	128.06
All Other	10/4/62	100.00

‡ Redemption yield. F.T.-Actuaries indices are calculated by Extel-Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A list of the constituents of the F.T.-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By inland post 16p. Commonwealth 18p. Foreign 22p.

CONSTITUENT CHANGE: Shipton Automation has been replaced by Office Electronics Machines Limited (Office Equipment). Army and Navy Stores has been replaced by Maple Macowards Limited (Stores).

INSURANCE, PROPERTY, BONDS

Abbey Life Assurance Co. Ltd. · Atlantic Assurance Co. Ltd. · Barclays Griffin Life Ass. Co. Ltd. · Wm. Brandt's Sons and Co. · Canada Life Assurance Company · Cannon Assurance Ltd. · Capital Life Assurance · The City of Westminster Assur. Soc. · The City of Westmnstr. Ass. Co. Ltd. · Second Managed Fund · Commercial Union Group · Cornhill Insurance Co. Ltd. · Crescent Life Ass. Co. Ltd. · Crusader Insurance Co. Ltd. · Dominion-Lincoln Equity Assur. · Eagle Star Insur./Midland Assce. · Ebor Phoenix Assurance · Fidelity Life Assurance Ltd. · Growth & Sec. Life Ass. Soc. Ltd. · Guardian Royal Exchange · Hambro Life Assurance Limited · Hearts of Oak Benefit Society · Hill Samuel Life Ass. Ltd. · Hodge Life Assurance Co. Ltd. · Imperial Life Ass. Co. of Canada · The Individual Life Ins. Co. Ltd. · Investment Annuity Life Assur. · Irish Life Assurance Co. Ltd. · King & Shaxson Ltd. · Langham Life Assurance Co. Ltd. · Life & Equity Assurance · Life Assur. Co. of Pennsylvania · Lloyd's Life Assurance Ltd. · London Indemnity & General · M. and G. Group · Magna Assurance Company Ltd. · Merchant Investors Assurance · Mutual Life Assurance · Nation Life Insurance Co. Ltd. · NEL Pensions Limited · Norwich Union Insurance Group · Oakhill Assurance Ltd. · Old Broad Street Secs. Assur. Ltd. · Phoenix Assurance Co. Ltd. · Prop. Equity & Life Assce. Co. · Property Growth Assur. Co. Ltd. · Prudential Pensions Limited · Reliance Mutual · Royal Insurance Group · Save and Prosper Group · Scottish Widows' Fund & Life Ass. Soc. · Schroder Assurance Ltd. · Sun Life of Canada (U.K.) Ltd. · Target Life Assurance Co. Ltd. · The Trident Insurance Co. Ltd. · Trident Pensions Life Assurance · Tyndall Assurance · Tyndall Pensions Ltd. · Vavasseur Life Assurance Ltd. · Welfare Insurance Company Ltd. · Windsor Life Assce. Co. Ltd.

F.T. SHARE INFORMATION SERVICE

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This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £250 per annum for each security

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Hire Purchase etc.

BEERS, WINES AND SPIRITS

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BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS, ETC.

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING AND METAL

ENGINEERING AND METAL—Cont.

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS—(Miscell.)

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INDUSTRIALS—Continued

INDUSTRIALS—Continued

††INSURANCE

MACHINE TOOLS

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

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For Dundee Perth see Industrials

OILS

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Sri Lanka

Africa

MINES—CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIANS

TINS

COPPER

MISCELLANEOUS

Lombard

The CAP and world grain prices

BY C. GORDON TETHER

MINISTERS are fond of maintaining that, because world food prices have risen far beyond the levels we were due to establish this year to meet our CAP commitments, it cannot be said that entry into the EEC is responsible in significant measure for the big jump in the British cost-of-living. What they cannot deny is that, in dealing with the repercussions of the world commodity boom on the CAP system, Brussels has not provided this country with the valuable help it could have done with in a one with the particularly difficult situation in which it found itself on the food prices front.

A case in point is the policy it has followed to meet the situation created by the tendency for world market wheat prices to climb well beyond the threshold figures set by the CAP. The EEC's grain price programme was evidently drawn up on the assumption that threshold prices would always be above world market levels.

Consequently, the discovery earlier this summer that the reverse situation was in fact developing called for some new thinking with particular reference to the question of whether EEC producers were to be allowed to export surpluses to take advantage of the higher prices becoming available—so unusually—elsewhere.

In the event, after initially banning exports of both hard and soft wheat altogether by decree, the Commission switched over to another, but equally effective, method of prohibiting them—imposing export taxes.

More exposed

This move was, of course, intended to protect the supply situation within the Common Market. But there can be little doubt that it has had the effect of leaving the rest of the world much more exposed to the backwash of the squeeze in the Chicago grain market than it need have been. With the global supply-demand relationship taking a marked turn for the better, thanks to the excellent harvests in the Northern Hemisphere, a less self-centred attitude on the part of the Community could have done a great deal to prevent the wheat price rising to such astronomical levels.

As it is, EEC policy has served both to encourage the upward movement and perpetuate it.

A great deal has been said and written about the difficulties that the food surpluses generated by the Common Agricultural Policy are apt to create for everyone except the Continental farmer. It is significant that, when an opportunity arose for them to serve a really useful purpose for other people—including a British public that is already paying large sums to finance them and will pay very much larger amounts as time goes by—action was immediately taken to see that it could not be exploited.

The reaction of the CAP directorate to the situation created by the tendency for world market prices for grain to rise beyond threshold levels also throws important light on the functioning of the Common Market system in another important sense. For it shows how decisions of great moment for tens of millions of people both inside and outside the Community can be taken by the Brussels bureaucracy—and taken, moreover, without prior consultation with any of the interests concerned.

Interference

This is the more serious since it is apparent from the almost casual manner in which the decision to prohibit exports was announced that it had been taken without any serious consideration of the wider implications of what was being done—the wanton interference with the functioning of market mechanisms, the consequences for national and international inflation and so on.

The affair may be considered, indeed, to highlight in its own quiet way the whole question of whether it makes sense to vest so much power in the hands of international civil servants who, for all practical purposes, are answerable only to themselves. For it shows that, contrary to the prevailing belief, the Common Market system can throw up instant decisions of great consequence for the well-being of large numbers of people—decisions that never came within range of public discussion, let alone of the veto machinery.

There is now considerable pressure for reform of the Common Agricultural Policy. It looks as though there is a strong case in the light of the lessons experience here is teaching, for basic re-thinking about the bureaucratic way of life in Brussels as a whole.

THE LEX COLUMN

Index rose 2.9 to 425.2

Mixture as before at Foseco Minsep

Again yesterday, there was no news background to explain the interesting pattern of resilience in equities—down, up, down, up, in the FT Index. True, gilts are looking ready for a run upward, though for the present a rise of just 1½ per cent. in the FT gilts index is merely a straw.

Foseco Minsep

The analysts liked the Foseco Minsep interim report yesterday; the jobbers belatedly fell into line, marking the shares up 6p to 148p; so it might seem churlish to be even initially disappointed with a performance which boils down to a 25½ per cent. rise in profits from a 29 per cent. increase in sales, both net of acquisitions, for mid-term totals of £4.7m. pre-tax and £40.5m. respectively. However, the group itself pointed out in June that a 23 per cent. gain in 1972 profits, with the growth rate accelerating over the year, came from market penetration and new products as far as the major metallurgical side was concerned, leaving the upsurge in world steel production as extra goodies for 1973.

The fact is that sales growth has accelerated visibly from the 22 per cent. of 1972 and costs have risen even more rapidly; on a past assessment of Foseco as a group concerned with long term growth rather than maximising short term performance, this would suggest that it decided to spend more on research and development; there is also a suggestion that on the more heavily capitalised waste management side it may have decided to take a tough line on writing off bulldozers and earth-moving equipment. Certainly there has been no stock market percentage lately in super-growth which has had even a sniff of cyclicity about it, while Foseco is still as happy about its growth prospects for 1973 and 1974 as it was four months ago.

On outside earnings forecasts for this year around the 10½p a share mark, the prospective p/e comes out at 14, which looks low in both relative and absolute terms for a stock of this quality.

See also Page 27

FNFC

The half-year result of £9m. pre-tax against £5.63m. from First National, taking in £1m. (£129,000) from flat disposals, was good for a 3p rise in the shares yesterday to 78p. The loan climate may have deteriorated, but we are apparently in for another big expansion (it was £100m. odd to £216m. last year) in FNFC's advances this year: and there must be ultimate non-bank borrowers of those deposits for which the banks are bidding 13 per cent. Adjusting for the incidence of flat realisations, the same rate of absolute progress in the second half would give a total of about £19m. against £13.2m. for 1972. That would indicate net earnings after conversion of 7½p a share.

The assumption is that FNFC would not be declaring this level of profits without some assurance of the future. And given the kind of equity that presumably remains in the end-1972 figure of £29m. for properties for development and associated companies, together with that in the advances portfolio, a current figure of about £75m. for long-term capital employed (published data) most understate the capital base significantly.

See also Page 25

United Newspapers

Even against the background of mounting concern about newsprint availability, United Newspapers' more than doubled first half profits to £4.13m. pre-tax were good enough to see the shares 7p better at 355p yesterday. The figures emphasise the extraordinary surge in advertising, which jumped 40 per cent. in January-June after the 23 per cent. gain in calendar 1972. What dull areas there had been caught up with the rest; classified property advertising, for instance, responded to the appearance of a buyers' market in housing. On top of it all, United had the benefit of the cover price rises put in ahead of Phase One — that pushed up newspaper sales revenue by 18 per cent. Even so, the group reckons it has just managed to stay within its Phase Two reference levels.

In the current half, advertising momentum has been maintained right through the normal summer slump. But there the good news ends. Although United reckons it is better placed for newsprint than some others (Beaverbrook fell 6p to 95p yesterday on its paging cuts) its contracted deliveries are running late and it may soon be forced to cut newspaper sizes itself. Moreover, newsprint could cost a quarter more by the year-end than in January, and April's wage awards will bite fully this half. On, say, £7.5m. pre-tax for the year a prospective p/e of 6½ looks cheap enough on fundamentals, but the newspaper sector is bound to be edgy for the next few months.

See also Page 25

Combined English

The switch by Combined English from being a traditional department store operation four years ago to a fashion-oriented specialist retailer (two-thirds of profits now coming equally from menswear and fashion accessories) has obviously paid off. Profits for the first half of 1973-74 have moved up from £448,000 to just over £1m., before tax; taking out the acquisition and land sale, and adding back finance charges, reduces the latest figure to £0.8m., still a 78 per cent. jump. Brokers' estimates of £3.4m. pre-tax on a fully annualised basis look attainable for a diluted p/e of 8¾ at 91p. The group is now bent on volume growth, having squeezed out most of the streamlining benefits. The problem here could be the availability of new outlets, though it hopes to add ten per division (there are five divisions) in 1973-74. In any event, the current rating appears to be under no great strain.

See also Page 24

British Gas to start on £170m. Frigg pipeline

BY CHRIS BAUR, SCOTTISH CORRESPONDENT

EDINBURGH, Sept. 25

THE BRITISH Gas Corporation is to make an immediate start on its £170m. scheme to distribute natural gas from the Frigg Field, off Shetland. Most of the money will be spent in Scotland.

The reception terminal is to be sited at St. Fergus, Aberdeenshire, and it is expected that 1,000 jobs will be created in Scotland by the work.

Almost 700 miles of 36-inch diameter pipeline will be laid, of which 500 miles will be in Scotland. Two landlines are proposed, through Armadale, West Lothian, to Carlisle.

Beyond Carlisle, the lines will divide to supplement the national transmission network with spurs to Preston and across the Pennines to Bishop Auckland. The dual lines will also feed into the corporation's existing terminal at Glenmavis, near Coatbridge—reversing the flow of gas currently drawn into Scotland in a 24-inch diameter landline from the West Sole and Leman Bank fields in the southern North Sea.

In addition to this onshore project—one of the largest tackled by the gas industry since the 1960s discovery of natural gas—investment on a matching scale will be required to bring the Frigg Field gas to St. Fergus.

Among the companies responsible for the offshore work will be Total Oil Marine, which estimates that it will cost about £140m. to lay 200 miles of 32-inch-diameter pipeline from the field to shore.

The company hopes to start laying operations next year making its first deliveries in late 1975 or early 1976. Further investment in an undetermined number of field production platforms will be the responsibility of ELF Norge, the Norwegian subsidiary of ELR ERAP.

The landward plans have been announced before it is clear how the field will be developed. With approximately half the Frigg Field in Norwegian waters, the proposal to pipe the entire production of gas to Britain still has to be ratified by the Norwegian Government.

At present the corporation is counting on a two-year build-up to a production rate of at least 1,400m. cubic feet a day—equivalent to about half Britain's gas consumption and five times the consumption in Scotland.

The receipt of gas in the North-East will hasten the conversion of some Scottish consumers from town to natural gas. With about 250,000 of Scotland's 850,000 gas consumers already using natural gas, a further 80,000 in the Aberdeen, Inverness and Dumfries areas will be converted two years earlier than originally planned.

The corporation announced in July that, subject to Government consent, it had reached agreement to purchase gas from the giant Frigg Field. Negotiations are also taking place to purchase other known gas supplies, plus gas discoveries made in association with oil in both northern and southern North Sea sectors.

The project will be managed from a headquarters to be established in Perth.

U.S. bond prices ease after fall in bill rate

BY NICHOLAS COLCHESTER, U.S. FINANCIAL CORRESPONDENT

NEW YORK, Sept. 25.

A STRONG four-day rally in the prices of U.S. stocks and fixed-interest securities culminated last night in the weekly auction of Treasury bills. The rate on 13-week bills was down to 7.33 per cent., from 8.79 per cent. seven days earlier.

After this remarkable drop the rallies in the financial markets softened this morning, with bond market prices easing. The Dow Jones industrial average at first showed a small loss but later rallied to close 3.8 at 9.40.55.

The sharp fall in the cost of short-term money and the accompanying 45-point rise in the Dow average to 936.71 in four days was proof of the sensitivity of the markets to the attitude of the Federal Reserve Bank at a time when interest rates are as high as they have ever been and stock market valuations as low.

With both markets distinctly thin in their liquidity it was understandable that a sudden ripple of bullish sentiment could create such waves in the indices and in interest rates. The ripple was due to a slight shift in the Fed's stance.

Through its open market operations last week the Fed suggested, in the words of Mr. Alan Greenspan, the economist, that "it was shifting from a policy of increasing restraint to one of stabilised restraint." Most economists interviewed this morning agreed that the movement in interest rates had been something of an over-reaction.

This reaction may have been fostered by the economic indices for August, which hinted at the beginning of an economic downturn, and by the fact that the monetary statistics were showing signs of being depressed to the sort of growth rates that the Fed's policies seemed designed to achieve.

Money supply

The narrowly defined money supply has grown at a rate of about 5 per cent. a year over the last six months, and has shown no growth at all since the beginning of July.

At the same time the rapid expansion in bank borrowing by industry—$24,000m. in the 11 months from September last year—which the Fed had viewed with particular concern, showed signs of easing in recent weeks in the face of high interest rates. Latest figures show a small decline in bank loans to business, offset to some extent by a recovery in the volume of commercial paper.

Offsetting these pointers towards easier money is the growing feeling among U.S. economists that the economy is still strong and will not go into recession next year. The August figures for industrial production and durable goods orders, both of which showed declines, are viewed as having been subject to aberrations caused by production bottlenecks and walk-outs in the motor industry.

The consensus is now for a 2.6 per cent. real growth rate in 1974, with a strong upward pressure on prices. The ratio of inventories to output is said to be abnormally low at the moment, and this does not augur for a decline in short-term borrowing. Meanwhile the demand for mortgage money and for consumer loans remains extremely strong.

Record £540m. trade surplus for W. Germany in August

BY MALCOLM RUTHERFORD

BONN, Sept. 25.

FOR THE SECOND month running West Germany had a record trade surplus last month—this time of DM3,219m. (about £540m.).

The figure is nearly DM300m. up on the record set in July and is well over double the DM1,343m. surplus in August last year.

The surplus for the first eight months of the year together was over DM19,000m. against DM11,405m. in the comparable period of 1972.

In the light of continuing high export orders, this suggests that the surplus for the year as a whole will fall not far short of DM30,000m., after last year's DM20,300m., which was itself a record.

Discounted

To-day's figures had been widely forecast and publication had little effect on the foreign exchange markets. Dealers said they had been largely discounted in the upheavals last week when the Bundesbank was repeatedly obliged to support the French franc again the D-mark.

They added, however, that a major test will come to-morrow with publication of the latest U.S. trade figures. If these fail to show a continued improvement there could be renewed upward pressure on the German currency.

One reason for nervousness is the steady improvement in the German current account. According to to-day's provisional figures, there was an August surplus here of DM900m. after a July deficit of DM300m. and a deficit of DM700m. in August last year.

The January-August surplus was DM2,800m. after a DM1,900m. deficit in the comparable period of 1972. This represents a swing of DM4,700m.

August exports, just over DM14,000m., were up 23 per cent. on August last year though there was a drop of 3 per cent. from July. Imports, at DM10,800m. were up 8 per cent. on August last year, but down 7 per cent. from July.

For the first eight months of the year together, exports were worth DM114,000m.—20 per cent. up on January-August, 1972. Imports were worth DM94,900m.—plus 14 per cent. on the comparable period. The surplus was even greater if reckoned at 1962 prices.

Orders backlog

Much will depend now on the order figures in the next few months. Export orders in July were again unexpectedly strong and there is clearly a large backlog which should continue to keep the trade surplus high.

The August figures have not yet been published but it is already known there were some high export orders in the current month, not least because of the international machine tools exhibition which closed in Hanover a few days ago.

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Money shops at 40 BR stations

By Nicholas Owen

BANKING FACILITIES are to be provided at Britain's principal railway stations by the First National Finance Corporation. Forty branches are expected to open over the next four years, under a contract between the company and British Rail which extends until 1980.

The branches will open for 12 hours a day for five or six days a week. They will offer services for deposit accounts, foreign exchange transactions, cheque cashing, and personal loans. There will be no current account facilities, however.

Rented

The idea was put up by First National a few months ago, and Mr. Thomas Wrigley, a director, said last night that railway officials were "extremely enthusiastic" about the venture.

The premises will be rented for an undisclosed sum. A special name for the branches will reflect, according to Mr. Wrigley, the association of finance facilities and rail travel.

The first such "money shop" will open next January at Liverpool Street, the main London terminus of BR Eastern Region. Every London terminal will eventually be covered, as well as many provincial centres.

There would appear to be little direct competition with branches of the Big Four banks, which are rarely represented actually on station premises, but there is little doubt that First National will compete outside normal banking hours and on Saturdays.

At a time when the banks are concerned about being unable to offer week-end services because of continuing trade union opposition, First National will staff its branches by employing clerks in 12-hour, three-day shifts.

Image

British Rail said that it was "anxious to develop this sort of business." The provision of banking services underlines BR's desire to develop its Inter-City image, already aided by the sort of train and hire-car facilities provided at big stations by the Godfrey Davis group.

First National yesterday produced its results for the first half of this year, which showed a jump in pre-tax profits from £5.63m. to £9m., although the latest figure includes just over £1m. from the disposal of flat properties.

Results, Page 25

Passport trap for tourists in Tanzania

BY DAVID MARTIN

DAR-ES-SALAAM, Sept. 25.

IN THE past 72 hours the Tanzanian Government of President Nyerere has declared at least 59 foreign tourists prohibited immigrants—46 of them American and 11 British.

No explanation has been given for the ban, but I understand from reliable sources here that with effect from September 17 the Ministry of Home Affairs had ordered that nobody with a Portuguese, Rhodesian or South African stamp in their passport should be allowed in.

Previously, the Government has barred entry to nationals of those three countries. The extension of the ban to people who have visited them has taken embassies, travel agencies and tourists by surprise. News of the first group being banned reached here to-day.

Delayed

The 46 Americans, who had obtained Tanzanian visas in advance, arrived in nine minibuses at the frontier post of Tasueta on the Kenya/Tanzania border.

Immigration officials, seeing South African stamps in their passports, immediately declared all of them prohibited immigrants.

A few hours later 13 more tourists—11 British, a West German and an Austrian, were declared prohibited at Dar-es-Salaam Airport when they arrived from Johannesburg. The Swiss-Air plane was delayed for an hour and a half, and ten of the tourists reboarded while the others, including a woman five months pregnant, had to spend the night in the airport lounge.

How many other tourists with similar stamps in their passports have also been banned is not known. With many package tours taking in eastern as well as southern Africa, a large number of cancellations can be expected.

An official of the package tour company turned back at Taiveta said that each year he brought about 6,000 tourists to East Africa, and he would now consider switching all of them to West Africa.

Given Tanzania's support for the southern African liberation movements, there is little surprise here at the move. What embassies, travel agents and tourists are concerned about is that there was no warning—or indeed, up to the present time, not even an announcement.

Some of the tourists had spent hundreds of pounds on airline bookings and hotels, and if some advance warning had been given tourists with the offending stamps in their passports could have been diverted elsewhere.

There is also some concern in diplomatic circles here to-day about complaints from tourists in northern Tanzania that they have been harassed at army road blocks. Some women allege they were forced to submit to intimate search by soldiers.

Why the road blocks have been set up is not clear. A Ministry of Tourism spokesman said it was an anti-poaching measure, but some tourists say soldiers were looking for illegal currencies and others say they were stopped by People's Militia, who complained about their mode of dress.

With Tanzania's tourist industry already in some difficulty the threat of further cancellations will increase even more its financial difficulties.

Our Foreign Staff adds: The Foreign Office said that the British Embassy in Dar-es-Salaam had informed them of the new policy, which was announced very quietly in a decree on September 17. A spokesman said they were awaiting the text of the full decree.

Men and Matters, Page 22

Continued from Page 1

Reform must wait

surplus to accumulate further currency holdings at will.

His views on the disruptive potential of capital movements were echoed by Herr Helmut Schmidt, the German Minister, who said "we should no longer permit large movements of capital to paralyse national monetary policies."

Dr. Guido Carli, the Governor of the Bank of Italy added: "It will also be necessary to agree on how to regulate the Euro-currency markets to prevent them from jeopardising the functioning of the system."

Doubts were also being expressed here to-day about the significance of the July deadline on procedural grounds. Most of the industrial countries now feel that the committee of twenty is too large and unwieldy a body to serve as an effective forum for negotiation, and that agreement is only likely to be reached in some inner grouping of the key nations.

At a Press briefing last night, Mr. Shultz spelled out his position in more detail. The U.S. was reluctant to finalise an agreement until its payments position had turned round, and it did not accept the progress report issued here yesterday by the chairman of the Committee of Twenty.

Although he forecast this morning that the U.S. might indeed achieve a surplus on both its trade and basic payments account next year, he did not say how long this surplus would need to be sustained before it accepted fully the rules of a new system.

He reiterated the Administration's pledge to remove all controls on American capital exports by the end of next year and its general support for a monetary system based on the maximum freedom of capital movement.

Referring to the adjustment process, M. Giscard said that objective indicators of the kind the U.S. supports, "could never replace the judgment of men."

The division between France and the U.S. was equally clear-cut on aid to the developing world with M. Giscard saying flatly that he supported a link between monetary reform and development aid, while the U.S. Treasury Secretary was no less categorically opposed.

● Mr. George Chambers, chairman of the World Bank, announced to-night that the rich members of the world Bank had now agreed to spend $1,500m. a year over the next three years on cheap loans to the Third World.

He added that although a further drafting meeting would be needed later this week, the negotiations were now at a stage "where no major issues remain to be settled," Reuter reports.

Weather

U.K. TO-DAY

DRY, cloudy at times, in most places. Cloudy, rain at times in N. Ireland, Scotland and N.W. England.

London, S.E., E. and Cent. S. England, E. Anglia, E. Midlands, Channel Is.
Dry, cloudy, some sun. Wind variable light, becoming moderate. Max. 17C (63F).

W. Midlands, N.W., Cent. N. and N.E. England
Dry, some bright or sunny spells. Perhaps rain later. Wind variable light, becoming S., moderate perhaps fresh. Max. 17C (63F).

S.W. England, S. Wales
Bright at first, perhaps rain later. Wind variable or S.W., light. Max. 17C (63F).

N. Wales, Lakes, Borders, Edinburgh and E. Scotland, Aberdeen, Cent. Highlands, Moray Firth
Cloudy, some rain, some brighter spells. Winds light, increasing moderate. Max. 15C (59F).

I. of Man, S.W. Scotland, Glasgow, Argyll, N.W. Scotland, N. Ireland
Cloudy, rain, brighter later. Wind S. moderate or fresh, becoming W. moderate. Max. 15C (59F).

Caithness, Orkney, Shetland
Cloudy, some rain, some brighter spells. Wind fresh, becoming moderate. Max. 13C (55F).

Outlook: Changeable with rain at times, chiefly in the N. and W. Mostly dry in S. and E. Britain.

Lighting-up: London 19.21, Manchester 19.29, Glasgow 19.37, Belfast 19.44.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amstrdm.	F	14	57	Manchstr.	D	12	[illegible]
Athens	S	21	[illegible]	Melbourne	C	17	[illegible]
Bahrain	S	33	93	Mexico C.	S	20	[illegible]
Belfast	S	14	[illegible]	Milan	C	17	[illegible]
Belgrade	S	26	79	Montreal	S	14	[illegible]
Berlin	R	11	52	Moscow	S	6	[illegible]
B'mghm.	C	15	59	Munich	F	12	[illegible]
Bristol	C	15	59	Newcastle	C	13	[illegible]
Brussels	F	16	61	New York	C	21	[illegible]
Budapest	R	14	57	Oslo	C	9	[illegible]
B. Aires	S	25	77	Paris	[illegible]	17	[illegible]
Cairo	S	33	91	Perth	R	16	[illegible]
Cardiff	F	15	59	Prague	F	[illegible]	[illegible]
Cologne	F	16	61	Reykjavik	R	5	[illegible]
Copnhagn.	R	11	52	Rio de J'o	F	21	[illegible]
Dublin	C	14	57	Rome	C	25	[illegible]
Edinb'rgh	R	12	54	Singapore	C	28	[illegible]
Frankfurt	S	15	59	Stockholm	C	[illegible]	[illegible]
Geneva	S	15	59	Strasbourg	F	14	[illegible]
Glasgow	C	11	52	Sydney	C	20	[illegible]
Helsinki	S	5	41	Tehran	S	27	[illegible]
H. Kong	C	27	81	Tel Aviv	S	29	[illegible]
Jo'burg	S	21	70	Tokyo	S	27	[illegible]
Lisbon	S	22	72	Toronto	S	14	[illegible]
London	C	16	61	Vienna	R	11	[illegible]
Luxembrg.	C	13	55	Warsaw	C	12	[illegible]
Madrid	S	20	68	Zurich	C	14	[illegible]

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	R	20	68	Jersey	C	15	[illegible]
Algiers	C	21	70	Las Plms.	S	23	[illegible]
Barcelona	S	21	70	Locarno	S	[illegible]	[illegible]
Biarritz	C	14	57	Majorca	S	23	[illegible]
Blackpool	C	15	59	Malaga	S	25	[illegible]
Bordeaux	C	16	61	Malta	S	29	[illegible]
Boulogne	F	15	59	Nairobi	C	20	[illegible]
Casablnca.	S	21	70	Naples	F	25	[illegible]
Cape Tn.	C	17	63	Nassau	S	28	[illegible]
Corfu	S	32	90	Nice	C	22	[illegible]
Dubrovnik	C	27	81	Nicosia	S	25	[illegible]
Faro	S	22	72	Oporto	S	19	[illegible]
Florence	T	18	64	Rhodes	S	25	[illegible]
Funchal	S	21	70	Salzburg	F	12	[illegible]
Gibraltar	S	25	77	Tangier	S	26	[illegible]
Guernsey	C	15	59	Tenerife	S	19	[illegible]
Innsbruck	C	11	52	Tunis	F	29	[illegible]
Inverness	C	13	55	Valencia	S	23	[illegible]
Istanbul	S	26	79	Venice	R	17	[illegible]

S—Sunny. C—Cloudy. F—Fair. R—Rain. D—Drizzle. T—Thunderstorm.

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